



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

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

REGIONAL MEDICAL CENTER BOARD

Doing Business As

NORTHEAST ALABAMA REGIONAL MEDICAL CTR

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

PO BOX 2208

Room/suite

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

ANNISTON, AL 36202

F Name and address of principal officer

J DAVID MCCORMACK

PO BOX 2208

ANNISTON,AL 36202

D Employer identification number

63-6000090

E Telephone number

(256) 235-5255

G Gross receipts \$ 169,581,355

I Tax-exempt status

☒ 501(c)(3)

☐ 501(c) ()

☐ (insert no)

☐ 4947(a)(1) or

☐ 527

J Website:

WWW.RMCCARES.ORG

K Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other

L Year of formation

1974

M State of legal domicile

AL

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities TO PROVIDE PERSONALIZED HEALTHCARE TO CITIZENS OF NORTHEAST ALABAMA		
	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	15
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,672
	6	Total number of volunteers (estimate if necessary)	6	220
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	56,087
Revenue	b	Net unrelated business taxable income from Form 990-T, line 34	7b	23,682
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	85,679	35,681
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	169,922,886	164,095,203
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,835,769	2,870,121
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	238,172	192,945
			173,082,506	167,193,950
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	104,708	266,194
	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)	64,520,426	68,224,069
	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)	109,918,048	98,127,205
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	174,543,182	166,617,468
Net Assets or Fund Balances	19	Revenue less expenses Subtract line 18 from line 12	-1,460,676	576,482
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	182,436,435	185,655,664
	22	Net assets or fund balances Subtract line 21 from line 20	51,673,345	53,216,654
			130,763,090	132,439,010

Part II

Signature Block

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

Sign Here

Signature of officer

2013-05-15

Date

LOUIS A BASS VP FINANCE/CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

AMY BIBBY

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

P00445891

Firm's name (or yours if self-employed), address, and ZIP + 4

DIXON HUGHES GOODMAN LLP

500 RIDGEFIELD COURT

ASHEVILLE, NC 28806

EIN ☐ 56-0747981

Phone no ☐ (828) 254-2254

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

☒ Yes

☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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

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.

[illegible][illegible]

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

4e	Total program service expenses	\$ 154,914,808
-----------	---------------------------------------	-----------------------

Part IV

Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance					
Check if Schedule O contains a response to any question in this Part V ☐					
		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	384		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes		
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	1,672		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes		
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a			No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b			
11	Section 501(c)(12) organizations. Enter				
a	Gross income from members or shareholders.	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a			
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the aggregate amount of reserves on hand.	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b			

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

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 ▶ SUSAN MARNEY DIRECTOR- ACCOUNTING 400 EAST TENTH STREET ANNISTON,AL 36202 (256) 235-5678

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) THOMAS ANTHONY HUMPHRIES CHAIRMAN	1 00	X		X				119	0	0
(2) GREGORY KERNION VICE CHAIRMAN	1 00	X		X				0	0	0
(3) SANDRA FOX SUDDUTH SECRETARY	1 00	X		X				50	0	0
(4) JOHN E BLUE II PAST CHAIRMAN	1 00	X						1,079	0	0
(5) EDDYER L BROWN BOARD MEMBER	1 00	X						0	0	0
(6) JAMES S HIXON MD CHIEF OF STAFF	1 00	X						0	0	0
(7) ROHIT G PATEL MD VICE CHIEF OF STAFF	1 00	X						18,050	0	0
(8) LARRY K DEASON BOARD MEMBER	1 00	X						0	0	0
(9) ARTHUR F FITE III BOARD MEMBER	1 00	X						26	0	0
(10) BILLY DON GRIZZARD BOARD MEMBER	1 00	X						0	0	0
(11) TRUDY D HARDEGREE BOARD MEMBER	1 00	X						0	0	0
(12) MICHAEL W KIMBERLY DRPHMPHHCLD BOARD MEMBER	1 00	X						0	0	0
(13) JEFFERY A PARKER BOARD MEMBER	1 00	X						0	0	0
(14) JAMES E ROBERTS BOARD MEMBER	1 00	X						0	0	0
(15) FRED WILSON BOARD MEMBER	1 00	X						50	0	0
(16) J DAVID MCCORMACK CEO	40 00			X				289,066	0	20,781
(17) LOUIS BASS CFO	40 00			X				158,852	0	35,571

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JOSEPH WEAVER COO	40 00				X			189,290	0	16,947
(19) ADAM PRUETT MD PSYCHIATRIST	40 00					X		210,458	0	6,194
(20) ROBERT B FREEMAN MD PHYSICIAN	40 00					X		421,082	0	5,363
(21) AYMAN ABDUL GHANI MD PHYSICIAN	40 00					X		358,911	0	17,097
(22) RONALD J VARCAK MD MEDICAL DIRECTOR	40 00					X		204,978	0	5,398
(23) DAVISSON EDMONDS MD PHYSICIAN	40 00					X		212,318	0	7,643
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,064,329	0	114,994

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▶29

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

Section B. Independent Contractors

1

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization 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
ANESTHESIA SOLUTIONS OF ANNISTON 2901 2ND AVENUE SUITE 270 BIRMINGHAM, AL 35233	CRNA SERVICES	2,510,817
MORRISONS HEALTH CARE DIVISION PO BOX 102289 ATLANTA, GA 303682289	MANAGEMENT OF FOOD SERVICE	1,520,743
EMERGENCY ROOM SERVICES OF ANNISTON LLC PO BOX 3477 OXFORD, AL 36203	ER PHYSICIAN SERVICES	1,153,468
RAI CARE CENTERS OF ALABAMA LLC 1550 W MCEWEN DRIVE SUITE 500 FRANKLIN, TN 37067	PATIENT KIDNEY ACUTE SERVICES	510,190
TRANSCEND SERVICES INC PO BOX 740209 DEPT 40089 ATLANTA, GA 30374	MEDICAL TRANSCRIPTION SERIVCES	459,639
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 ▶29		

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	2,500				
	e	Government grants (contributions)	1e	22,940				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	10,241				
	g	Noncash contributions included in lines 1a-1f \$ 12,153						
	h	Total. Add lines 1a-1f		35,681				
Program Service Revenue			Business Code					
	2a	NET PATIENT SERVICE	621400	160,084,771	160,084,771			
	b	MEDICAID DISP SHARE	900099	3,495,464	3,495,464			
	c	LONG TERM CARE HOSPITA	621400	376,256	376,256			
	d	AFTERCARE REHAB SERVIC	624100	70,003	70,003			
	e	OTHER PROGRAMS	900099	68,709	12,622	56,087		
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		164,095,203				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		2,804,418			2,804,418	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			1,687,737					
			2,336,426					
			-648,689					
	d	Net rental income or (loss)		-648,689			-648,689	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
				116,682				
				50,979				
				65,703				
	d	Net gain or (loss)		65,703			65,703	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . . .						
	Miscellaneous Revenue		Business Code					
	11a	FOOD SERVICE & VENDING	722210	681,848			681,848	
b	OTHER INCOME	900099	119,058			119,058		
c	GIFT SHOP REVENUE	453220	40,728			40,728		
d	All other revenue							
e	Total. Add lines 11a-11d		841,634					
12	Total revenue. See Instructions		167,193,950	164,039,116	56,087	3,063,066		

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	21,500	21,500		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	244,694	244,694		
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	720,543	241,382	479,161	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	121,810	121,810		
7	Other salaries and wages	53,098,924	48,995,060	4,103,864	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,308,719	3,027,680	281,039	
9	Other employee benefits	6,981,421	6,388,426	592,995	
10	Payroll taxes	3,992,652	3,653,520	339,132	
11	Fees for services (non-employees)				
a	Management	517		517	
b	Legal	605,278		605,278	
c	Accounting				
d	Lobbying	135,767		135,767	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	15,419,287	12,803,177	2,616,110	
12	Advertising and promotion				
13	Office expenses	1,537,472	736,465	801,007	
14	Information technology	1,843,531	720,034	1,123,497	
15	Royalties				
16	Occupancy	2,735,583	2,735,583		
17	Travel	8,827	7,004	1,823	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	183,847	136,979	46,868	
20	Interest	1,597,862	1,597,862		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	11,983,919	11,983,919		
23	Insurance	1,036,444	1,036,444		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	37,127,601	37,127,601		
b	BAD DEBTS	21,934,333	21,934,333		
c	FOOD SERVICE EXPENSES	1,254,768	1,254,768		
d	RECRUITMENT	453,132		453,132	
e					
f	All other expenses	269,037	146,567	122,470	
25	Total functional expenses. Add lines 1 through 24f	166,617,468	154,914,808	11,702,660	0
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				2,536,906	1	354,144
	2	Savings and temporary cash investments					2	9,315,182
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				14,709,280	4	14,787,536
	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				1,809,919	7	1,547,679
	8	Inventories for sale or use				5,305,072	8	5,464,696
	9	Prepaid expenses and deferred charges				2,017,474	9	1,859,219
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	254,283,341				
	b	Less: accumulated depreciation	10b	180,446,628		79,839,663	10c	73,836,713
	11	Investments—publicly traded securities				74,111,909	11	71,565,664
	12	Investments—other securities. See Part IV, line 11					12	
	13	Investments—program-related. See Part IV, line 11					13	
	14	Intangible assets					14	
	15	Other assets. See Part IV, line 11				2,106,212	15	6,924,831
	16	Total assets. Add lines 1 through 15 (must equal line 34)				182,436,435	16	185,655,664
Liabilities	17	Accounts payable and accrued expenses				13,243,544	17	12,473,821
	18	Grants payable					18	
	19	Deferred revenue					19	1,770,560
	20	Tax-exempt bond liabilities				36,735,000	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					23	35,769,716
	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				1,694,801	25	3,202,557
	26	Total liabilities. Add lines 17 through 25				51,673,345	26	53,216,654
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.							
	27	Unrestricted net assets				130,752,930	27	132,428,910
	28	Temporarily restricted net assets					28	
	29	Permanently restricted net assets				10,160	29	10,100
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				130,763,090	33	132,439,010
	34	Total liabilities and net assets/fund balances				182,436,435	34	185,655,664

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	167,193,950
2	Total expenses (must equal Part IX, column (A), line 25)	2	166,617,468
3	Revenue less expenses Subtract line 2 from line 1	3	576,482
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	130,763,090
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,099,438
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	132,439,010

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization REGIONAL MEDICAL CENTER BOARD	Employer identification number 63-6000090
---	--

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(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 IIIPart 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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization REGIONAL MEDICAL CENTER BOARD	Employer identification number 63-6000090
---	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If "Yes," describe in Part IV	

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

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

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

Part II-A

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

- A

Check

☐

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

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
	a Volunteers?				No
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				No
	c Media advertisements?				No
	d Mailings to members, legislators, or the public?		No		
	e Publications, or published or broadcast statements?		No		
	f Grants to other organizations for lobbying purposes?		No		
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		118,809	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
	i Other activities? If "Yes," describe in Part IV	Yes		16,958	
j	Total lines 1c through 1i		135,767		
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		
b	Carryover from last year		
c	Total		
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF MEMBERSHIP DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE ALABAMA HOSPITAL ASSOCIATION (ALHA) IS ALLOCATED TO LOBBYING ACTIVITIES PERFORMED FOR THE BENEFIT OF THOSE ORGANIZATIONS' MEMBER BODIES. IN 2011, 24.6% OF DUES TO THE AHA (\$7,619) AND 23.08% OF DUES PAID TO THE ALHA (\$9,339) WERE ALLOCATED TO LOBBYING EFFORTS. IN ADDITION, THE ORGANIZATION PAID THE LAW FIRM OF BAKER DONELSON BEARMAN CALDWELL & BERKOWITZ, PC \$118,809 IN THE TAX YEAR FOR ASSISTANCE AS A PROFESSIONAL CONGRESSIONAL LOBBYIST.

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number

63-6000090

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

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

2

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

a

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

b

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

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

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

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

- a** ☐ Public exhibition
- d** ☐ Loan or exchange programs
- b** ☐ Scholarly research
- e** ☐ Other
- c** ☐ 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	10,160	10,200	10,212	10,000	
b Contributions					
c Investment earnings or losses	-60	-40	-12	212	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	10,100	10,160	10,200	10,212	

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,015,958		4,015,958
b Buildings		84,470,294	57,360,609	27,109,685
c Leasehold improvements		4,180,965	2,921,438	1,259,527
d Equipment		159,857,448	120,164,581	39,692,867
e Other		1,758,676		1,758,676
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> ▶				73,836,713

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)	1167,193,950
2	Total expenses (Form 990, Part IX, column (A), line 25)	2166,617,468
3	Excess or (deficit) for the year Subtract line 2 from line 1	3576,482
4	Net unrealized gains (losses) on investments	41,099,438
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	91,099,438
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	101,675,920

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1151,968,373
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a1,099,438	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d5,609,318	
e	Add lines 2a through 2d2e6,708,756	
3	Subtract line 2e from line 13	3145,259,617
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 7b4a	
b	Other (Describe in Part XIV)4b21,934,333	
c	Add lines 4a and 4b4c21,934,333	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	5167,193,950

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1152,052,170
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d7,369,035	
e	Add lines 2a through 2d2e7,369,035	
3	Subtract line 2e from line 13	3144,683,135
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 7b4a	
b	Other (Describe in Part XIV)4b21,934,333	
c	Add lines 4a and 4b4c21,934,333	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	5166,617,468

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 INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE KNOX ENDOWMENT WAS ESTABLISHED IN THE 1940'S BY THE KNOX FAMILY TO PROVIDE MATERNITY CARE FOR INDIGENT HOSPITAL PATIENTS. INVESTMENT EARNINGS ON THE FUND ARE PUT TOWARDS INDIGENT MATERNITY PATIENTS ANNUALLY. THE HOSPITAL HAS DISCRETION TO USE THE FUNDS FOR MEDICAL EXPENSES BESIDES MATERNITY CARE IF NECESSARY.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	TAXES ON INCOME- RMCB IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(A) OF THE INTERNAL REVENUE CODE AS AN ORGANIZATION DESCRIBED IN SECTION 501(C)(3). THE FILING ORGANIZATION HAS DETERMINED THAT IT DOES NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2012 AND 2011. FISCAL YEARS ENDED ON OR AFTER JUNE 30, 2008 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES, GENERALLY FOR THREE YEARS AFTER THE RELATED TAX RETURNS WERE FILED.
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUES OF CONSOLIDATED ENTITIES 3,272,892 RENTAL EXPENSES NET W/ REVENUES 2,336,426
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 21,934,333
PART XIII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES OF CONSOLIDATED ENTITIES 5,032,609 RENTAL EXPENSES NET W/ REVENUES 2,336,426
PART XIII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 21,934,333

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Part I

Charity Care and Certain Other Community Benefits at Cost

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

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)			6,688,579		6,688,579	4 620 %
b Medicaid (from Worksheet 3, column a)			15,038,463	13,834,136	1,204,327	0 830 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			21,727,042	13,834,136	7,892,906	5 450 %
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)			893,821	405,317	488,504	0 340 %
h Research (from Worksheet 7)			51,454		51,454	0 040 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			64,173		64,173	0 040 %
j Total Other Benefits			1,009,448	405,317	604,131	0 420 %
k Total. Add lines 7d and 7j			22,736,490	14,239,453	8,497,037	5 870 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities.

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	
2	Enter the amount of the organization's bad debt expense	2	4,658,125
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	56,595,370
6	Enter Medicare allowable costs of care relating to payments on line 5	6	53,828,098
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	2,767,272
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		No

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				

Section A. Hospital Facilities

Name and address

Schedule H (Form 990) 2011

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)

NORTHEAST ALABAMA REGIONAL MEDICAL CTR

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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	1	
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☒ Asset level c ☒ Medical indigency d ☒ Insurance status e ☒ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☐ Other (describe in Part VI)	11	Yes	
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The policy was posted at all times on the hospital facility's web site b ☒ The policy was attached to all billing invoices c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☒ The policy was posted in the hospital facility's admissions offices e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☐ Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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? 1

Name and address		Type of Facility (Describe)
1	NORTHEAST AL REGIONAL MED CENTER PSYCH U 400 EAST 10TH STREET ANNISTON, AL 36202	INPATIENT PSYCH UNIT
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 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 OUR ORGANIZATION PROVIDES A 30% DISCOUNT TO THE BILL FOR ALL SELF PAY (UNINSURED) PATIENTS THIS ADJUSTMENT IS APPLIED TO THE BILL PRIOR TO STATEMENTS BEING MAILED TO THE PATIENT OR GUARANTOR WE ALSO RETAIN ON A CONTRACTED BASIS VENDORS THAT ASSIST IN SCREENING PATIENTS FOR QUALIFICATION FOR FREE OR CHARITY CARE THIS IS ACCOMPLISHED BY MEANS OF INTERVIEWS WITH THE PATIENT AS PART OF OUR NORMAL COLLECTION PROCESS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) FOR PURPOSES OF CALCULATING COMMUNITY BENEFIT AS A PERCENTAGE OF TOTAL EXPENSE IN LINE 7, COLUMN (F), A BAD DEBT EXPENSE OF \$21,934,333 HAS BEEN ADJUSTED FROM TOTAL EXPENSES PRESENTED ON FORM 990, PART XI, LINE 25

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE AT COST WAS CALCULATED BY MULTIPLYING TOTAL BAD DEBT EXPENSE BY THE HOSPITAL'S COST TO CHARGE RATIO THE COST TO CHARGE RATIO WAS CALCULATED USING WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS BY DIVIDING TOTAL OPERATING COSTS INTO TOTAL CHARGES

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS OF CARE WAS DERIVED FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THERE ARE NO SPECIFIC PROVISIONS REGARDING COLLECTION OF CHARITY ACCOUNTS AS THESE ACCOUNTS ARE ADJUSTED TO A ZERO BALANCE THEREFORE, NO COLLECTION EFFORTS TAKE PLACE ONCE THE INDIVIDUAL HAS QUALIFIED

Identifier	ReturnReference	Explanation
NORTHEAST ALABAMA REGIONAL MEDICAL CTR		PART V, SECTION B, LINE 17E THE FINANCIAL ASSISTANCE POLICY IS ALSO POSTED ON THE ORGANIZATION'S WEBSITE

Identifier	ReturnReference	Explanation
NORTHEAST ALABAMA REGIONAL MEDICAL CTR		PART V, SECTION B, LINE 19D THE ORGANIZATION CHARGES A % DISCOUNT OFF OF BILLED CHARGES BASED ON A SLIDING SCALE THAT IS TIED TO THE FEDERAL POVERTY GUIDELINES THE ORGANIZATION PLANS TO MODIFY ITS EXISTING POLICY TO BETTER MEET THE REQUIREMENTS OF SECTION 501(R) AFTER IF HAS BEEN FINALIZED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 OUR ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IN SEVERAL WAYS, WHICH INCLUDES AN ANNUAL UPDATE OF THE MEDICAL STAFF DEVELOPMENT PLAN THERE ARE SEVERAL COMPONENTS TO THIS PLAN, INCLUDING THE OVERALL POPULATION WITHIN OUR SERVICE AREA, THE AGE OF OUR CURRENT MEDICAL STAFF, AND PROJECTED PHYSICIAN NEEDS USING CALCULATIONS PROVIDED BY THE AMERICAN MEDICAL ASSOCIATION'S PHYSICIAN CHARACTERISTICS AND DISTRIBUTION IN THE US

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENT BILLS INCLUDE A STATEMENT EXPLAINING THAT CHARITY CARE IS AVAILABLE TO QUALIFYING INDIVIDUALS CONTACT INFORMATION IS LISTED THE ORGANIZATION HAS SIGNS POSTED IN ALL REGISTRATION AREAS AS WELL AS A SUMMARY AND CONTACT INFORMATION ON THE FACILITY'S WEBSITE REGARDING THE FINANCIAL ASSISTANCY POLICY

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 OUR SERVICE AREA IS COMPRISED OF APPROXIMATELY 200,000 PEOPLE RESIDING IN THE COUNTIES OF CALHOUN, CLEBURNE, CLAY, RANDOLPH AND TALLADEGA ALL AGE GROUPS FROM NEWBORNS TO THE ELDERLY ARE SERVED SERVICES INCLUDE MEDICAL/SURGICAL, INTENSIVE CARE, OBSTETRICS, PEDIATRICS, PSYCHIATRIC, CARDIOLOGY AND ONCOLOGY ALL CITIZENS ARE SERVED REGARDLESS OF PAYER OR ABILITY TO PAY WHILE RMC IS THE ONLY FULL SERVICE HOSPITAL IN THE SERVICE AREA, SMALLER HOSPITALS IN CALHOUN COUNTY INCLUDE STRINGFELLOW HOSPITAL AND JACKSONVILLE HOSPITAL OTHER HOSPITALS IN OUR 5 COUNTY SERVICE AREA INCLUDE WEDOWEE HOSPITAL AND RANDOLPH MEDICAL CENTER IN RANDOLPH COUNTY, CLAY COUNTY HOSPITAL IN CLAY COUNTY, AND CITIZENS HOSPITAL AND COOSA VALLEY MEDICAL CENTER IN TALLADEGA COUNTY CLEBURNE AND RANDOLPH COUNTIES ARE CONSIDERED FEDERALLY DESIGNATED MEDICALLY UNDERSERVED FOR PRIMARY CARE, AND ALL COUNTIES ARE CONSIDERED UNDERSERVED FOR SPECIALTY PHYSICIANS THE AREA ALSO QUALIFIES AS UNDERSERVED FOR PSYCHIATRIC SERVICES BY THE NATIONAL HEALTH SERVICE CORPS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 REGIONAL MEDICAL CENTER PROMOTES HEALTH WITHIN THE COMMUNITY WE SERVE IN A VARIETY OF WAYS AS A NONPROFIT, WE PROVIDE SERVICES FOR ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY, AND WE SEE A VERY HIGH NUMBER OF UNINSURED, UNDERINSURED AND INDIGENT PATIENTS IN OUR EMERGENCY DEPARTMENT WE ASSIST THE MEMBERS OF OUR MEDICAL STAFF IN RECRUITING NEW PHYSICIANS TO THE AREA AS PART OF OUR ASSISTANCE PROGRAM, RECRUITED PHYSICIANS MUST AGREE TO SEE ALL PATIENTS, REGARDLESS OF INCOME LEVEL OR ABILITY TO PAY RMC PROVIDES MANY COMMUNITY SERVICES IN THE FORM OF HEALTH EDUCATION, SCREENINGS AND SUPPORT GROUPS OUR CANCER RESOURCE CENTER, PARISH NURSING PROGRAM, AND CONGREGATIONAL HEALTH OUTREACH ARE BUT A FEW OF OUR SERVICES TO OUR COMMUNITY THAT PROVIDE HIGHLY SKILLED STAFF TO PERFORM HEALTH SCREENINGS AND EDUCATION FREE OF CHARGE A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE MEDICAL CENTER THE ORGANIZATION OFFERS MEDICAL STAFF PRIVILEDGES TO ALL QUALIFIED LOCAL PHYSICIANS IN ALL HOSPITAL DEPARTMENTS THE FACILITY UTILIZES SURPLUS FUNDS PRIMARILY TO PURCHASE NEW AND REPLACEMENT MEDICAL EQUIPMENT AND TO PERFORM NEEDED RENOVATIONS ON ITS PLANT OTHER USES OF SURPLUS FUNDS MIGHT INVOLVE FUNDING EDUCATIONAL OPPORTUNITIES FOR CLINICAL STAFF AND WHEN ALLOWED, MEMBERS OF ITS MEDICAL STAFF

Identifier	ReturnReference	Explanation
		PART VI, LINE 6. THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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

OMB No 1545-0047

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

Open to Public Inspection

Employer identification number
63-6000090

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.

[illegible]

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table	2
3	Enter total number of other organizations listed in the line 1 table	0

Part III

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

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

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 THE ORGANIZATION ADOPTED WRITTEN GUIDELINES FOR ORGANIZATIONS TO APPLY FOR COMMUNITY CONTRIBUTIONS (GRANTS) A DETAILED APPLICATION MUST BE COMPLETED AND APPROVED BY THE REVIEW COMMITTEE OF THE BOARD A COPY OF THE APPLICATION IS AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINSTRATIVE OFFICE

Software ID:
Software Version:
EIN: 63-6000090
Name: REGIONAL MEDICAL CENTER BOARD

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(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
MEDICATION/MEDICAL SUPPLIES	48	4,960			
TRANSPORTATION	368	6,168			
FOOD	75	307			
LONG-TERM CARE	1	33,600			
AMBULANCE TRANSPORTS	6	606			
IV THERAPY/HHC VISITS/MEDS	18	37,889			
MISCELLANEOUS	5	293			
SCHOLARSHIP LOANS/AWARDS FOR WORK COMMITMENT	35	160,871			

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number

63-6000090

Part I

Questions Regarding Compensation

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

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) J DAVID MCCORMACK	(i)	289,066	0	0	8,672	12,109	309,847	0
	(ii)	0	0	0	0	0	0	0
(2) LOUIS BASS	(i)	158,852	0	0	24,342	11,229	194,423	0
	(ii)	0	0	0	0	0	0	0
(3) JOSEPH WEAVER	(i)	189,290	0	0	5,679	11,268	206,237	0
	(ii)	0	0	0	0	0	0	0
(4) ADAM PRUETT MD	(i)	210,458	0	0	0	6,194	216,652	0
	(ii)	0	0	0	0	0	0	0
(5) ROBERT B FREEMAN MD	(i)	421,082	0	0	0	5,363	426,445	0
	(ii)	0	0	0	0	0	0	0
(6) AYMAN ABDUL GHANI MD	(i)	358,911	0	0	10,767	6,330	376,008	0
	(ii)	0	0	0	0	0	0	0
(7) RONALD J VARCAK MD	(i)	167,683	1,037	36,258	0	5,398	210,376	0
	(ii)	0	0	0	0	0	0	0
(8) DAVISSON EDMONDS MD	(i)	208,568	3,750	0	6,407	1,236	219,961	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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 1A	ALL TRAVEL EXPENSES FOR SPOUSES AND COMPANIONS, AS WELL AS TEMPORARY HOUSING ALLOWANCES PER EMPLOYMENT AGREEMENTS ARE ADDED AS WAGES ON THE RECIPIENTS' FORM W-2 OR 1099-MISC

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number

63-6000090

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RACHEL CALDWELL	FAMILY MEMBER OF CORPORATE OFFICER	43,670	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
(2) JOHN FITE	FAMILY MEMBER OF BOARD MEMBER	21,031	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
(3) MELANIE GRIZZARD	FAMILY MEMBER OF BOARD MEMBER	57,109	COMPENSATION AS EMPLOYEE OF HOSPITAL		No

Part V

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

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

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE IS COMPRISED OF THE CHAIRPERSON OF THE BOARD, THE VICE CHAIRPERSON OF THE BOARD, THE SECRETARY OF THE BOARD, THE FINANCE COMMITTEE CHAIRPERSON, THE HUMAN RESOURCES COMMITTEE CHAIRPERSON, THE PHYSICAL FACILITIES AND PROPERTIES COMMITTEE CHAIRPERSON, THE COMPLIANCE COMMITTEE CHAIRPERSON, THE CHIEF OF THE MEDICAL STAFF, AND ONE AT-LARGE BOARD MEMBER WHEN THE BOARD IS NOT IN SESSION, THE EXECUTIVE COMMITTEE SHALL HAVE AND EXERCISE ALL OF THE AUTHORITY OF THE BOARD IN THE MANAGEMENT OF THE CORPORATION, EXCEPT AS SUCH AUTHORITY IS LIMITED OR RESERVED BY STATUTE OR IN THE ORGANIZATION'S BYLAWS
	FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE THOSE DULY APPOINTED UNDER THE PROVISIONS OF ORDINANCE NO 74-0-13 ADOPTED BY THE COUNCIL OF THE CITY OF ANNISTON, AL, ON MAY 7, 1974
	FORM 990, PART VI, SECTION A, LINE 7B	THE BOARD IS RESTRICTED FROM THE SALE OR DISPOSAL OF ANY PART OF THE REAL ESTATE USED IN CONNECTION WITH THE OPERATION OF THE MEDICAL CENTER OR THE TRANSFER OF THE OPERATION AND MANAGEMENT OF THE MEDICAL CENTER WITHOUT THE CONSENT OF THE GOVERNING BODY OF THE CITY OF ANNISTON, AL
	FORM 990, PART VI, SECTION B, LINE 11	THE RETURN WAS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM WITH ASSISTANCE AND INFORMATION PROVIDED BY MANAGEMENT UPON COMPLETION, THE RETURN WAS REVIEWED INTERNALLY BY MANAGEMENT, AND FORWARDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AFTER THE RETURN WAS REVIEWED BY THE BOARD MEMBERS, IT WAS FILED WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ARE REQUIRED TO DISCLOSE ON AN ANNUAL BASIS ANY POTENTIAL CONFLICTS OF INTEREST PER THE ORGANIZATION'S OFFICIAL WRITTEN POLICY A DISINTERESTED PARTY IS ASSIGNED TO INVESTIGATE ANY CONFLICTS THAT ARISE, AND AFFECTED BOARD MEMBERS ARE ADVISED OF THE PARTY'S DECISION
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO COMPENSATION PACKAGES ARE DETERMINED BY CONDUCTING SALARY SURVEYS FROM INDIVIDUAL HOSPITALS AS WELL AS UTILIZING SALARY INFORMATION AVAILABLE FROM INDEPENDENT SOURCES SUCH AS STATE HOSPITAL ASSOCIATIONS, INDEPENDENT COMPENSATION CONSULTANTS, AND PERIODICALS THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OVERSEES THE PROCESS AND DETERMINES THE COMPENSATION FOR THE CEO AFTER REVIEW AND CONSIDERATION OF ALL RELEVANT INFORMATION THE CEO APPROVES COMPENSATION PACKAGES FOR ALL OTHER APPLICABLE EMPLOYEES
	FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE FORM 1023 AND RECENT FILINGS OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW.GUIDESTAR.ORG
	FORM 990, PART VI, SECTION C, LINE 19	PHOTOCOPIES OF THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 1,099,438
	FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MEDICAL CENTER MEMORIAL FOUNDATION INC PO BOX 2208 ANNISTON, AL 36202 63-0981593	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 7	N/A		No
(2) REGIONAL HEALTH SERVICES INC PO BOX 2208 ANNISTON, AL 36202 63-0721572	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 11A, I	REGIONAL MEDICAL CENTER BOARD		No

Part III

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

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

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) REGIONAL HEALTH MANAGEMENT CORPORATION PO BOX 2345 ANNISTON, AL 36202 63-0819576	MANAGEMENT	AL	N/A	C			

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 Yes

1e

1f Yes

1g No

1h No

1i Yes

1j

1k No

1l No

1m Yes

1n Yes

1o No

1p Yes

1q Yes

1r Yes

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) REGIONAL HEALTH SERVICES	A	32,355	CASH AND A/R
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

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

***REGIONAL MEDICAL CENTER BOARD
AND AFFILIATE***

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011



DIXON HUGHES GOODMAN^{LLP}
ATTORNEYS AT LAW, ACCOUNTANTS AND ADVISORS

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE

Table of Contents
June 30, 2012 and 2011

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	2 - 9
Combined Financial Statements	
Combined Balance Sheets	10
Combined Statements of Revenues, Expenses, and Changes in Net Assets	11
Combined Statements of Cash Flows	12 - 14
Notes to Combined Financial Statements	15 - 34



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Regional Medical Center Board and Affiliate
Anniston, Alabama

We have audited the accompanying combined balance sheets of Regional Medical Center Board and Affiliate (the "Board") as of June 30, 2012 and 2011, and the related combined statements of revenues, expenses, and changes in net assets and cash flows for the fiscal years then ended. These combined financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 9 be presented to supplement the combined financial statements. Such information, although not part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audits of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Dixon Hughes Goodman LLP

October 15, 2012

Page 1

Praxity

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

This section of the Regional Medical Center Board and Affiliate's (the "Board") combined financial statements presents management's analysis of the Board's financial performance during the fiscal years that ended on June 30, 2012 and 2011. Please read it in conjunction with the combined financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2012

Operating revenues increased by 7.8%. The increase in operating revenues results from an increase in net patient revenues of 8.2% and a decrease in other operating revenues of 0.4%. Net patient revenues increased primarily due to an increase in inpatient admissions of 2.3%, an increase in outpatient admissions of 6.2% and the acquisition of clinics by both the Board and Affiliate. The other operating revenue decrease is attributed primarily due to a decrease in Medicaid disproportionate share payments of about 6.5% partially offset by an increase in revenue for services provided to the Long Term Acute Care Hospital ("LTACH").

Operating expenses increased by 8.1% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses. Salaries, wages and employee benefit expense increased by 10.5% primarily due to the increases in FTEs with the patient volume increases and the acquisition of clinics. Supplies and other expenses increased by 7.2% also primarily due to increased patient volumes and the acquisition of clinics.

Nonoperating income, net, increased approximately \$1.8 million or 150% primarily as a result of the increase in investment income of \$1.1 million.

Fiscal Year 2011

Operating revenues decreased by 4.1%. The decrease in operating revenues results from a decrease in net patient revenues of 4.2% and a decrease in other operating revenues of 2.1%. Net patient revenues decreased primarily due to a decrease in inpatient admissions of 3.3%, and an increase in bad debt expense, charity write offs, and uninsured discounts of 0.4%. The other operating revenue decreased primarily due to a decrease in combined Medicaid revenues for enhancement, disproportionate share and PHP capitation premium of about 6.0%.

Operating expenses decreased by 4.5% primarily as a result of decreased employee benefits and other expenses, partially offset by increases in depreciation and purchased services expenses. Employee benefit expenses decreased \$3.7 million due to decreases in group health insurance expense, pension expense, and workers compensation insurance expense. Supplies and other expenses decreased \$3.8 million primarily due to decreases in implant expense and professional and general liability insurance expense. Purchased services expense increased primarily due to the implementation of a hospitalist program. Depreciation and amortization expense increase primarily due to fixed asset additions during the year of \$7.0 million dollars.

Nonoperating income, net, decreased approximately \$2.9 million or 69.1% primarily as a result of the decrease in investment income of \$2.8 million.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Overview

The combined financial statements consist of two parts management's discussion and analysis (unaudited) and the combined financial statements. The combined financial statements also include notes that explain in more detail some of the information in the combined financial statements.

Required Basic Combined Financial Statements

The combined financial statements of the Board offer short-term and long-term financial information about its activities. The combined balance sheets include all of the Board's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Board creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board.

All of the current fiscal year's revenues and expenses are accounted for in the combined statements of revenues, expenses, and changes in net assets. This statement measures the success of the Board's operations over the past fiscal year and can be used to determine whether the Board has successfully recovered all its costs through its services provided, as well as its profitability and creditworthiness.

The final required financial statement is the combined statements of cash flows. The primary purpose of this statement is to provide information about the Board's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing, noncapital financing and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis

Our analysis of the combined financial statements of the Board begins below. One of the most important questions asked about the Board's finances is "is the Board as a whole better off or worse off as a result of the fiscal year's activities?" The combined balance sheets and the statements of revenues, expenses, and changes in net assets report information about the Board's activities in a way that will help answer this question. These two statements report the net assets of the Board and changes in them. You can think of the Board's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, regulations, and new or changed government legislation.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Net Assets

To begin our analysis, a summary of the Board's combined balance sheets is presented in Tables A-1 and A-2

Table A-1
Condensed combined balance sheets (in millions of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Changes</u>	<u>Percentage Changes</u>
Receivables, net	\$ 14.9	\$ 14.7	\$ 0.2	1.4%
Other current assets	19.2	12.5	6.7	53.6%
Current assets	<u>34.1</u>	<u>27.2</u>	<u>6.9</u>	<u>25.4%</u>
Other assets	77.8	78.9	(1.1)	-1.4%
Property and equipment, net	75.4	79.9	(4.5)	-5.6%
Total assets	<u>\$ 187.3</u>	<u>\$ 186.0</u>	<u>\$ 1.3</u>	<u>0.7%</u>
Current liabilities	\$ 17.0	\$ 13.5	\$ 3.5	25.9%
Other long-term liabilities	2.9	1.8	1.1	61.1%
Long-term debt	33.7	36.9	(3.2)	-8.7%
Total liabilities	<u>\$ 53.6</u>	<u>\$ 52.2</u>	<u>\$ 1.4</u>	<u>2.7%</u>
Net assets				
Invested in capital assets, net of related debt	\$ 39.8	\$ 44.2	\$ (4.4)	-10.0%
Restricted for debt service	0.0	0.3	(0.3)	-100.0%
Unrestricted	93.9	89.3	4.6	5.2%
Total net assets	<u>\$ 133.7</u>	<u>\$ 133.8</u>	<u>\$ (0.1)</u>	<u>-0.1%</u>

As shown in Table A-1, net assets decreased \$0.1 million from fiscal year 2011. This change in net asset position was primarily attributable to operating losses of \$3.1 million, partially offset by nonoperating income of \$3.0 million, as shown in Table A-3.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Table A-2

Condensed combined balance sheets (in millions of dollars)

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Dollar Changes</u>	<u>Percentage Changes</u>
Receivables, net	\$ 14.7	\$ 13.7	\$ 1.0	7.3%
Other current assets	12.5	16.0	(3.5)	-21.9%
Current assets	<u>27.2</u>	<u>29.7</u>	<u>(2.5)</u>	<u>-8.4%</u>
Other assets	78.9	76.0	2.9	3.8%
Property and equipment, net	79.9	83.9	(4.0)	-4.8%
Total assets	<u>\$ 186.0</u>	<u>\$ 189.6</u>	<u>\$ (3.6)</u>	<u>-1.9%</u>
Current liabilities	\$ 13.5	\$ 14.3	\$ (0.8)	-5.6%
Other long-term liabilities	1.8	3.1	(1.3)	-41.9%
Long-term debt	36.9	37.1	(0.2)	-0.5%
Total liabilities	<u>\$ 52.2</u>	<u>\$ 54.5</u>	<u>\$ (2.3)</u>	<u>-4.2%</u>
Net assets				
Invested in capital assets, net of related debt	\$ 44.2	\$ 47.0	\$ (2.8)	-6.0%
Restricted for debt service	0.3	0.3	-	0.0%
Unrestricted	89.3	87.8	1.5	1.7%
Total net assets	<u>\$ 133.8</u>	<u>\$ 135.1</u>	<u>\$ (1.3)</u>	<u>-1.0%</u>

As shown in Table A-2, net assets decreased \$1.3 million from fiscal year 2010. This change in net asset position was primarily attributable to operating losses of \$2.5 million, partially offset by nonoperating income of \$1.2 million, as shown in Table A-4.

Revenues, Expenses, and Changes in Net Assets

While the combined balance sheets show the change in financial position of net assets, the combined statements of revenues, expenses, and changes in net assets provide information as to the nature and source of these changes. A summary of the Board's combined statements of revenues, expenses, and changes in net assets is presented in Tables A-3 and A-4.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Revenues, Expenses, and Changes in Net Assets (Continued)

Table A-3

Condensed combined statements of revenues, expenses, and changes in net assets (in millions of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Changes</u>	<u>Percentage Changes</u>
Operating revenues	<u>\$ 147.1</u>	<u>\$ 136.5</u>	<u>\$ 10.6</u>	7.8%
Salaries, wages, and employee benefits	71.3	64.5	6.8	10.5%
Supplies and other	52.4	48.9	3.5	7.2%
Depreciation and amortization	12.9	12.9	-	0.0%
Other expenses	13.6	12.7	0.9	7.1%
Total operating expenses	<u>150.2</u>	<u>139.0</u>	<u>11.2</u>	8.1%
Operating loss	(3.1)	(2.5)	(0.6)	24.0%
Nonoperating income, net	<u>3.0</u>	<u>1.2</u>	<u>1.8</u>	150.0%
(Deficiency) excess of revenues, gains, and other support over expenses	(0.1)	(1.3)	1.2	-92.3%
Beginning net assets	<u>133.8</u>	<u>135.1</u>	<u>(1.3)</u>	-1.0%
Ending net assets	<u><u>\$ 133.7</u></u>	<u><u>\$ 133.8</u></u>	<u><u>\$ (0.1)</u></u>	-0.1%

Operating revenues increased by 7.8%. The increase in operating revenues results from an increase in net patient revenues of 8.2% and a decrease in other operating revenues of 0.4%. Net patient revenues increased primarily due to an increase in inpatient admissions of 2.3%, an increase in outpatient admissions of 6.2% and the acquisition of clinics by both the Board and Affiliate. The other operating revenue decrease is attributed primarily due to a decrease in Medicaid disproportionate share payments of about 6.5% partially offset by an increase in revenue for services provided to the LTACH.

Operating expenses increased by 8.1% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses. Salaries, wages and employee benefit expense increased by 10.5% primarily due to the increases in FTEs with the patient volume increases and the acquisition of clinics. Supplies and other expenses increased by 7.2% also primarily due to increased patient volumes and the acquisition of clinics.

Nonoperating income, net, increased approximately \$1.8 million or 150% primarily as a result of the increase in investment income of \$1.1 million.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Revenues, Expenses, and Changes in Net Assets (Continued)

Table A-4

Condensed combined statements of revenues, expenses, and changes in net assets (in millions of dollars)

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Dollar Changes</u>	<u>Percentage Changes</u>
Operating revenues	\$ 136.5	\$ 142.3	\$ (5.8)	-4.1%
Salaries, wages, and employee benefits	64.5	69.1	(4.6)	-6.7%
Supplies and other	48.9	52.7	(3.8)	-7.2%
Depreciation and amortization	12.9	12.5	0.4	3.2%
Other expenses	12.7	11.3	1.4	12.4%
Total operating expenses	<u>139.0</u>	<u>145.6</u>	<u>(6.6)</u>	-4.5%
Operating loss	(2.5)	(3.3)	0.8	-24.2%
Nonoperating income, net	<u>1.2</u>	<u>4.1</u>	<u>(2.9)</u>	-70.7%
Excess of revenues, gains, and other support over expenses	(1.3)	0.8	(2.1)	-262.5%
Beginning net assets	<u>135.1</u>	<u>134.3</u>	<u>0.8</u>	0.6%
Ending net assets	<u>\$ 133.8</u>	<u>\$ 135.1</u>	<u>\$ (1.3)</u>	-1.0%

As seen in Table A-4 above, operating revenues decreased by 4.1%. The decrease in operating revenues results from a decrease in net patient revenues of 4.2% and a decrease in other operating revenues of 2.1%. Net patient revenues decreased primarily due to a decrease in inpatient admissions of 3.3%, and an increase in bad debt expense, charity write offs, and uninsured discounts of 0.4%. The other operating revenue decrease is attributed primarily due to a decrease in combined Medicaid revenues for enhancement, disproportionate share and PHP capitation premium of about 6.0%.

Operating expenses decreased by 4.5% primarily as a result of decreased employee benefits and supplies and other expenses, partially offset by increases in depreciation and purchased services expenses. Employee benefit expenses decreased \$3.7 million due to decreases in group health insurance expense, pension expense and workers compensation insurance expense. Supplies and other expenses decreased \$3.8 million primarily due to decreases in implant expense and professional and general liability insurance expense. Purchased services expense increased primarily due to the implementation of a hospitalist program. Depreciation and amortization expense increased primarily due fixed asset additions during the year of \$7.0 million dollars.

Nonoperating income, net, decreased approximately \$2.9 million or 70.7% primarily as a result of the decrease in investment income of \$2.8 million.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Capital Assets and Debt Financing

Property and Equipment

As of June 30, 2012, the Board had \$75.4 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net decrease (additions, deductions and depreciation) of \$4.5 million or 5.6% from the end of last fiscal year.

As of June 30, 2011, the Board had \$79.9 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net decrease (additions, deductions and depreciation) of \$4.0 million or 4.8% from the end of fiscal year 2010.

Table A-5

Capital assets (in millions of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Land and land improvements	\$ 8.5	\$ 8.2	\$ 8.2
Buildings and building improvements	138.7	137.3	136.1
Furniture, fixtures, and equipment	<u>108.4</u>	<u>102.7</u>	<u>98.0</u>
 Total capital assets	 255.6	 248.2	 242.3
Accumulated depreciation	(182.0)	(170.4)	(158.6)
Construction in progress	<u>1.8</u>	<u>2.1</u>	<u>0.2</u>
 Net capital assets	 <u><u>\$ 75.4</u></u>	 <u><u>\$ 79.9</u></u>	 <u><u>\$ 83.9</u></u>

Debt Financing

On June 30, 1998, the Board issued \$50 million of Series 1998-A Bonds (the "Series 1998 Bonds"). The proceeds were used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions.

The Series 1998 Bonds are subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption. Beginning in 2014, the Bonds, which mature in 2014 and after, are required to be redeemed in annual amounts ranging from \$1.54 million to \$3.16 million.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Debt Financing (Continued)

The Series 1998 Bonds are limited obligations of the Board. The principal of and the interest on the Series 1998 Bonds are secured by a pledge of, and are payable solely out of, the gross revenue of the Board to be derived from the operation of the Regional Medical Center Board. None of the physical assets of the Board have been pledged or mortgaged to secure the Series 1998 Bonds. These bonds do not constitute an indebtedness of the State of Alabama, Calhoun County or the City of Anniston, nor do they give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of the foregoing.

On August 22, 2011, the Board entered into a \$36,735,000 notes payable for the purpose of refunding \$36,735,000 of then outstanding Series 1998 Bonds. Interest is payable monthly at a rate of 65% of LIBOR plus 1.54%. The note requires annual debt service payments with final payment due on August 1, 2021.

On May 27, 2005, Regional Health Management Corporation ("RHMC"), the subsidiary of the affiliate, obtained a \$2.4-million note payable from Regions Bank. The proceeds of the note payable were used to pay down amounts owed to the Board. The note payable is guaranteed by the Board.

On September 12, 2008, RHMC amended and restated its note agreement. The amended note bears interest at 5.430% and is due in monthly payments of \$24,918, including interest, maturing on March 4, 2013.

For more detailed information regarding the Board's capital assets and debt financing, please refer to the notes to the combined financial statements.

COMBINED FINANCIAL STATEMENTS

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 9,923,211	\$ 2,703,049
Patient accounts receivable, net of allowance for uncollectible accounts of \$23,052,225 and \$31,663,927 at June 30, 2012 and 2011, respectively	14,883,997	14,709,280
Other receivables	1,978,262	1,832,951
Estimated third-party settlements	-	554,962
Inventories	5,471,696	5,305,072
Prepaid expenses	1,859,219	1,784,609
Noncurrent cash and investments required for current liabilities	-	273,258
Total current assets	<u>34,116,385</u>	<u>27,163,181</u>
Noncurrent cash and investments		
Designated by board for capital improvements	72,046,764	73,838,651
Held by trustee under bond indentures	-	273,258
Less noncurrent cash and investments required for current liabilities	-	(273,258)
Total noncurrent cash and investments	<u>72,046,764</u>	<u>73,838,651</u>
Property and equipment, net	75,397,718	79,863,355
Investment in uncombined entity	3,229,864	3,249,978
Other assets	359,861	1,248,253
Net pension asset	-	237,971
Deferred charge, interest rate swap	1,516,802	-
Goodwill	<u>689,852</u>	<u>425,000</u>
 Total assets	 <u><u>\$ 187,357,246</u></u>	 <u><u>\$ 186,026,389</u></u>

See accompanying notes to combined financial statements.

	2012	2011
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 8,087,210	\$ 8,265,579
Accrued salaries, benefits, and payroll taxes	5,461,560	4,825,688
Accrued interest payable	-	157,427
Deferred revenue	915,000	-
Estimated third-party settlements	398,963	-
Current portion of long-term debt	2,176,257	260,933
Total current liabilities	<u>17,038,990</u>	<u>13,509,627</u>
Long-term debt, less current portion	33,716,024	36,857,284
Accrued loss on interest rate swap	1,516,802	-
Net pension liability	84,619	-
Other long-term liabilities	<u>1,270,857</u>	<u>1,845,727</u>
Total liabilities	<u>53,627,292</u>	<u>52,212,638</u>
Net assets		
Invested in capital assets, net of related debt	39,855,759	44,194,445
Restricted for debt service	-	273,258
Unrestricted	93,874,195	89,346,048
Total net assets	<u>133,729,954</u>	<u>133,813,751</u>
Total liabilities and net assets	<u>\$ 187,357,246</u>	<u>\$ 186,026,389</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Revenues, Expenses, and Change in Net Assets
Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains, and other support		
Net patient service revenue, net of provision for bad debts of \$23,824,678 (\$36,040,677 in fiscal year 2011)	\$ 140,457,023	\$ 129,758,716
Other revenue	6,691,846	6,720,300
Total revenue, gains, and other support	<u>147,148,869</u>	<u>136,479,016</u>
Salaries and wages	56,791,418	52,030,679
Employee benefits	14,491,140	12,420,491
Supplies	38,797,714	37,158,344
Other	13,610,359	11,774,955
Fees	2,739,013	2,093,814
Purchased services	10,861,407	10,602,117
Depreciation	12,957,807	12,940,290
Total expenses	<u>150,248,858</u>	<u>139,020,690</u>
Operating loss	(3,099,989)	(2,541,674)
Nonoperating income (expense)		
Investment income	3,904,365	2,783,058
Contributions	12,153	65,182
Interest expense	(1,803,312)	(2,040,398)
Income from uncombined entity	591,147	501,816
Gain on sale of assets	65,703	54,442
Income tax	246,136	(86,737)
Deficiency of revenues, gains, and other support over expenses	(83,797)	(1,264,311)
Net assets, beginning of fiscal year	<u>133,813,751</u>	<u>135,078,062</u>
Net assets, end of fiscal year	<u>\$ 133,729,954</u>	<u>\$ 133,813,751</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows
Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Receipts from and on behalf of patients	\$ 141,236,231	\$ 130,345,367
Payments to suppliers	(66,732,545)	(63,499,575)
Payments to employees	(70,378,096)	(64,312,713)
Other receipts and payments, net	7,461,535	5,900,316
Net cash provided by operating activities	<u>11,587,125</u>	<u>8,433,395</u>
 Cash flows from non-capital financing activities		
Contributions	<u>12,153</u>	<u>65,182</u>
 Cash flows from capital and related financing activities		
Purchases of property and equipment	(7,496,341)	(8,920,494)
Repayment of long-term debt	(36,995,652)	(1,594,925)
Proceeds from issuance of long-term debt	36,735,000	-
Interest paid on long-term debt	(1,960,739)	(1,983,096)
Net cash used in capital and related financing activities	<u>(9,717,732)</u>	<u>(12,498,515)</u>
 Cash flows from investing activities		
Change in noncurrent cash and investments	2,156,315	(2,195,505)
Distributions from investment in uncombined entity	611,261	599,721
Investment income	2,804,927	2,978,161
Acquisition of clinics	(1,358,836)	(450,000)
Proceeds from the sale of property and equipment	116,682	91,620
Net cash provided by investing activities	<u>4,330,349</u>	<u>1,023,997</u>
 Net increase (decrease) in cash and cash equivalents	6,211,895	(2,975,941)
 Cash and cash equivalents, beginning of year	<u>4,953,506</u>	<u>7,929,447</u>
 Cash and cash equivalents, end of year	<u>\$ 11,165,401</u>	<u>\$ 4,953,506</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows (Continued)
Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of cash and cash equivalents to combined balance sheets		
Cash and cash equivalents	\$ 9,923,211	\$ 2,703,049
Cash and cash equivalents included in noncurrent cash and investments		
Internally designated for capital acquisitions	1,242,190	1,977,199
Held by trustees for debt service	<u>-</u>	<u>273,258</u>
Total cash and cash equivalents	<u>\$ 11,165,401</u>	<u>\$ 4,953,506</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (3,099,989)	\$ (2,541,674)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	12,957,807	12,940,290
Provision for bad debts	23,824,678	36,040,677
Patient accounts receivable	(23,999,395)	(37,055,745)
Other receivables	(145,311)	(819,984)
Estimated third-party payor settlements	953,925	1,601,719
Inventories	(159,624)	(319,420)
Prepaid expenses	(74,610)	(564,310)
Other assets	(76,892)	39
Net pension asset	322,590	(56,763)
Accounts payable	63,944	246,869
Deferred revenue	915,000	-
Accrued salaries, benefits, and payroll taxes	635,872	172,220
Other long-term liabilities	<u>(530,870)</u>	<u>(1,210,523)</u>
Net cash provided by operating activities	<u>\$ 11,587,125</u>	<u>\$ 8,433,395</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows (Continued)
Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Noncash Investing and financing activities		
Gain on sale of assets	<u>\$ 65,703</u>	<u>\$ 54,442</u>
Accounts payable for purchase of property and equipment	<u>\$ 40,177</u>	<u>\$ 51,995</u>
Loss on extinguishment of debt	<u>\$ 1,057,205</u>	<u>\$ -</u>
Income from uncombined entity	<u>\$ 591,147</u>	<u>\$ 501,816</u>
Unrealized gain (loss) on investments	<u>\$ 1,099,438</u>	<u>\$ (195,103)</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE A - NATURE OF BUSINESS

Organization and Nature of Business

Regional Medical Center Board (the "Board") was created as a public not-for-profit corporation on May 7, 1974, by the Council of the City of Anniston, Alabama. Since September 30, 1974, the Board has operated the Northeast Alabama Regional Medical Center (the "Medical Center"). The Board is restricted from the sale or disposal of any part of the real estate used in connection with the operation of the Medical Center or the transfer of the operation and management of the Medical Center without the consent of the governing body of the City of Anniston. The combined financial statements include the accounts of the Board and its affiliate, Regional Health Services, Inc. (the "Affiliate"). The Affiliate is an Alabama not-for-profit entity with the Medical Center being the sole corporate member. The Affiliate includes a subsidiary, Regional Health Management Corporation ("RHMC"). Prior to fiscal year 2012, the primary activity of RHMC, an Alabama for-profit corporation and a wholly owned subsidiary of RHS, was the leasing of office space to physicians. In the current fiscal year, RHMC acquired several clinics throughout Alabama, which provide various outpatient health services. Upon combination, all significant intercompany balances and transactions have been eliminated.

On July 29, 1991, the Governor of Alabama signed into law Act No. 91-552 which granted the Board, as well as other applicable hospitals, the powers of a health care authority organized under Article 11 of Chapter 22, otherwise known as "The Health Care Authorities Act of 1982 Code of Alabama 1975," whereby rights are generally less restricted than under previous law. The Board reports as a governmental entity.

Mission Statement

The Board's primary mission is to provide advanced health care of the highest quality, with compassion and integrity, to every patient.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying combined financial statements include the accounts of the Board and its Affiliate. All significant intercompany accounts and transactions have been eliminated.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund Accounting

The Board uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Board has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of combined 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 reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses

The Board's combined statements of revenues, expenses, and changes in net assets distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Board's principal activity. Nonexchange revenues, including investment income, contributions received for purposes other than capital asset acquisition, and various other items, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net Assets

Net assets of the Board are classified in four components. *Net assets invested in capital assets, net of related debt*, consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net assets* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Board, including amounts deposited with trustees as required by bond indentures discussed in Note F. *Restricted nonexpendable net assets* equal the principal portion of permanent endowments. The Board does not have any restricted nonexpendable net assets. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets, net of related debt* or *restricted*.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue in the accompanying combined financial statements.

The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of these services and supplies, and equivalent service statistics. During fiscal year 2012, the Medical Center changed their method for identifying charity care. The following information measures the level of charity care provided during the fiscal years ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Estimated costs and expenses incurred to provide charity care	<u>\$ 5,411,045</u>	<u>\$ 2,861,130</u>
Estimated percentage of charity care patients to all patients served	<u>3.68%</u>	<u>2.03%</u>

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for whom services are rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenues from the Medicare and Medicaid programs accounted for approximately 48% and 9%, respectively, of the Medical Center's net patient service revenue for the fiscal year ended June 30, 2012 (47% and 10%, respectively, for fiscal year 2011). Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents recorded as current assets consist primarily of net deposits in demand accounts and certificates of deposits with maturities not in excess of 90 days when purchased and are stated at cost, which approximates market. For the period from December 31, 2010 through December 31, 2012, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* temporarily provides separate, unlimited deposit insurance coverage for accounts that are noninterest-bearing transaction accounts. This unlimited coverage is separate from the \$250,000 coverage provided for other types of accounts. Furthermore, the Board and the Affiliate's cash and cash equivalents are deposited in Alabama banks. A portion of the Board's and the Affiliate's deposits was held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement ("SAFE") Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation ("FDIC") and the National Credit Union Administration ("NCUA"). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. As of June 30, 2012 and 2011, all of the Board and the Affiliate's cash and cash equivalents were fully protected under the temporary unlimited deposit insurance for noninterest-bearing transaction accounts.

Patient Accounts Receivable and Third-Party Payor Settlements

Receivables from patients, insurance companies, and third-party contractual agencies are recorded at established charge rates. A majority of the Medical Center's patients are insured by certain third-party insurers based on contractual agreements which generally result in the Medical Center collecting less than the established charge rates. Final determination of payments under these agreements is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts, contractual adjustments, and other uncertainties. Credit losses have historically been within management's expectations. Allowances for doubtful accounts are estimated based on historical write-off percentages and review of large balance self-pay accounts, and contractual allowances are estimated based on the terms of third-party insured contracts. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments

The Board's cash and investments are reported at fair value based on quoted market prices. As of June 30, the Board had the following noncurrent cash and investments:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,242,190	\$ 2,250,457
Floating rate notes	1,558,315	1,945,544
Asset backed securities	7,788,216	8,702,411
Collateralized mortgage obligations	501,397	879,551
Corporate bonds	12,877,703	16,347,326
Municipal bonds	2,218,129	1,762,810
Government and agency securities	32,521,882	29,858,868
Mortgage backed securities	<u>13,338,932</u>	<u>12,364,942</u>
	72,046,764	74,111,909
Less noncurrent cash and investments required for current liabilities	<u>-</u>	<u>(273,258)</u>
	<u><u>\$ 72,046,764</u></u>	<u><u>\$ 73,838,651</u></u>

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy limits maturities or the average life for any security held in the portfolio to 15 years. As of June 30, 2012, the Board's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash and cash equivalents	\$ 1,242,190	\$ 1,242,190	\$ -	\$ -	\$ -
Floating rate notes	1,558,315	205,000	833,035	277,104	243,176
Asset backed securities	7,788,216	-	4,640,814	3,147,402	-
Collateralized mortgage obligations	501,397	-	9,777	27,146	464,474
Corporate bonds	12,877,703	1,702,247	7,561,800	3,330,296	283,360
Municipal bonds	2,218,129	65,415	963,372	1,189,342	-
Government and agency securities	32,521,882	974,533	15,446,349	7,606,504	8,494,496
Mortgage backed securities	<u>13,338,932</u>	<u>126</u>	<u>236,083</u>	<u>522,501</u>	<u>12,580,222</u>
	<u><u>\$ 72,046,764</u></u>	<u><u>\$ 4,189,511</u></u>	<u><u>\$ 29,691,230</u></u>	<u><u>\$ 16,100,295</u></u>	<u><u>\$ 22,065,728</u></u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

It is the Board's policy to limit its investments so that the average quality ratio of the portfolio is not less than AA. No single issue may be rated less than A by S&P and Moody's at any time. As of June 30, 2012, the Board's investments were rated as follows:

Investment	S & P Credit Rating	Moody's Credit Rating	Percentage of Total
Cash and cash equivalents	N/A	N/A	2%
Floating rate notes	A-	A3	1%
Floating rate notes	*	*	1%
Asset backed securities	AA	Aa1	1%
Asset backed securities	AA+	Aa1	1%
Asset backed securities	AAA	Aaa	3%
Asset backed securities	Not Rated	Aaa	2%
Asset backed securities	AAA	Not Rated	4%
Collateralized mortgage obligations	*	*	1%
Corporate bonds	A	A1	2%
Corporate bonds	A+	A1	2%
Corporate bonds	AA+	A1	1%
Corporate bonds	A	A2	2%
Corporate bonds	A+	A2	1%
Corporate bonds	A-	A2	1%
Corporate bonds	A	A3	1%
Corporate bonds	A-	A3	2%
Corporate bonds	A+	Aa2	1%
Corporate bonds	AA	Aa2	1%
Corporate bonds	A	Aa3	1%
Corporate bonds	A+	Aa3	1%
Corporate bonds	AA-	Aa3	1%
Municipal bonds	A+	A1	1%
Municipal bonds	AA	Aa1	1%
Municipal bonds	Not Rated	Aa3	1%
Government and agency securities	*	*	45%
Mortgage backed securities	A+	Aaa	1%
Mortgage backed securities	AAA	Aaa	5%
Mortgage backed securities	Not Rated	Aaa	2%
Mortgage backed securities	AAA	Not Rated	2%
Mortgage backed securities	*	*	9%

* Guaranteed by the full faith and credit of the United States Government

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Board's \$72,046,764 in investments at June 30, 2012 are held by the investment's counterparty, not in the name of the Board. The Board does not have a policy that limits the amount of investments that are held by counterparties.

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in fair value of investments reported in the prior fiscal year and the current fiscal year.

Noncurrent cash and investments include assets set aside by the Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under indenture agreements.

Inventories

Inventories of drugs and other supplies are recorded at cost, using the first-in, first-out method, which is not in excess of market.

Property and Equipment

It is the policy of the Board and the Affiliate to capitalize the cost of major additions to property and equipment and to remove from the accounts major items of property and equipment retired or sold. The resulting gain or loss from asset retirements or sales is included in the nonoperating revenues and expenses section of the accompanying combined statements of revenues, expenses, and changes in net assets. Depreciation is provided using the straight-line method based on the estimated useful lives stated in the American Hospital Association guidelines. Property and equipment is depreciated over the following useful lives:

Land improvements	5 - 40 years
Buildings and building improvements	5 - 40 years
Furniture, fixtures, and equipment	2 - 25 years

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Assets

Included in other assets at June 30, 2012 are debt issuance costs associated with the issuance of the 2011 Compass Loan. At June 30, 2011, debt issuance costs associated with the issuance of the Series 1998 Bonds were included in other assets. The debt issuance costs are amortized over the remaining lives of the debt using a method that approximates the effective interest method. Such amortization, which is reported as interest expense in the combined statement of revenues, expenses, and changes in net assets, totaled \$30,577 (of which \$8,884 is attributable to the Series 1998 Bonds) and \$62,713 for fiscal years 2012 and 2011, respectively.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Electronic Health Records

The Medical Center received approximately \$915,000 related to the Electronic Health Record incentive program from Medicaid in the current fiscal year. The Medical Center has elected to defer revenue recognition on the amount under the gain contingency model until the cost report for the period has been filed. The amount is included in deferred revenue in the accompanying financial statements.

Contributions

From time to time, the Board receives contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues on the combined statements of revenues, expenses, and changes in net assets. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses on the combined statements of revenue, expenses, and changes in net assets.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Board is a political subdivision and the Affiliate is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, therefore, no provision has been recorded for income taxes for these entities. Regional Health Management Corporation ("RHMC") is a wholly-owned subsidiary of the Affiliate. RHMC is a for-profit corporation and accounts for deferred income taxes using the asset and liability method to establish deferred tax assets and liabilities for the temporary differences between the financial reporting bases and the tax bases of RHMC's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. As of June 30, 2012 and 2011, a deferred tax liability has been recorded in the amount of \$27,000 and \$71,000, respectively, related primarily to timing differences related to depreciation and the investment in The Surgery Center, LLC (see Note M), and is included in other long-term liabilities and other assets on the combined balance sheets. As of June 30, 2012 and 2011, all of the net operating loss carry forwards had been utilized.

The Board has evaluated their tax positions and have determined that they do not have any material unrecognized benefits or obligations as of June 30, 2012 and 2011.

NOTE C - NET PATIENT SERVICE REVENUE

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

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined pass through costs are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been audited and final settlement has been made by the Medicare fiscal intermediary through June 30, 2007.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE C - NET PATIENT SERVICE REVENUE (Continued)

Medicaid

Effective October 1, 2009, the funding plan for Medicaid claims was modified. Under the new plan, inpatient services rendered to Medicaid program beneficiaries are reimbursed at an all-inclusive per diem rate. The prospectively determined rates are not subject to retroactive settlement. In addition, the Medical Center receives Medicaid Disproportionate Share payments. Outpatient services are reimbursed based on a payment per outpatient encounter. Effective October 1, 2011, inpatient services are reimbursed on a per diem rate and outpatient services are reimbursed on a fee-for-service basis.

Blue Cross and Blue Shield of Alabama

Inpatient services rendered to Blue Cross and Blue Shield of Alabama ("Blue Cross") subscribers are reimbursed through a prospectively agreed upon rate, based on rates per day of hospitalization. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services rendered to Blue Cross beneficiaries are reimbursed under a cost reimbursement methodology subject to retroactive settlement. The Medical Center is reimbursed for cost reimbursable items subject to retroactive adjustment at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by Blue Cross. Blue Cross cost reports for the Medical Center have been audited through June 30, 2010.

Others

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, businesses, health maintenance organizations, and preferred provider organizations. The bases for payment to the Medical Center under these agreements include discounts from established charges and prospectively determined daily rates.

Net patient service revenue consists of the following for the fiscal years ended June 30:

	<u>2012</u>	<u>2011</u>
Charges at established rates (excluding charity care)	\$ 655,203,116	\$ 643,033,333
Less contractual adjustments		
Medicare	258,180,378	246,205,267
Medicaid	54,334,785	51,962,985
Blue Cross	129,460,780	127,913,285
Other contractual adjustments	<u>48,945,472</u>	<u>51,152,403</u>
	164,281,701	165,799,393
Less provision for bad debts	<u>23,824,678</u>	<u>36,040,677</u>
	<u>\$ 140,457,023</u>	<u>\$ 129,758,716</u>

The Medical Center recorded an increase of approximately \$272,143 and \$46,000 to net patient service revenue for the fiscal years ended June 30, 2012 and 2011, respectively, as a result of changes of prior fiscal year estimates of cost report settlements.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE D - CONCENTRATION OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors is as follows for the fiscal years ended June 30:

	<u>2012</u>	<u>2011</u>
Medicare	40%	38%
Medicaid	6	6
Blue Cross	18	16
Commercial insurance	17	16
Self-pay and other payors	19	24
	<u>100%</u>	<u>100%</u>

NOTE E - PROPERTY AND EQUIPMENT

At June 30, 2012 and 2011, property and equipment, including additions and disposals, consisted of the following:

	Balance at June 30, 2011	Additions	Reductions	Transfer of CIP	Balance at June 30, 2012
Land and land improvements	\$ 8,189,627	\$ 284,829	\$ -	\$ -	\$ 8,474,456
Building and building improvements	137,261,527	1,235,129	(2,375)	250,175	138,744,456
Furniture, fixtures, and equipment	102,688,459	4,977,125	(1,394,333)	2,119,507	108,390,758
	248,139,613	6,497,083	(1,396,708)	2,369,682	255,609,670
Accumulated depreciation	(170,358,551)	(12,957,807)	1,345,730	-	(181,970,628)
	77,781,062	(6,460,724)	(50,978)	2,369,682	73,639,042
Construction in progress ("CIP")	2,082,293	2,046,065	-	(2,369,682)	1,758,676
	<u>\$ 79,863,355</u>	<u>\$ (4,414,659)</u>	<u>\$ (50,978)</u>	<u>\$ -</u>	<u>\$ 75,397,718</u>
	Balance at June 30, 2010	Additions	Reductions	Transfer of CIP	Balance at June 30, 2011
Land and land improvements	\$ 8,178,796	\$ 13,329	\$ (2,498)	\$ -	\$ 8,189,627
Building and building improvements	136,095,418	311,097	-	855,012	137,261,527
Furniture, fixtures, and equipment	98,015,395	4,350,111	(1,194,928)	1,517,881	102,688,459
	242,289,609	4,674,537	(1,197,426)	2,372,893	248,139,613
Accumulated depreciation	(158,578,511)	(12,940,290)	1,160,250	-	(170,358,551)
	83,711,098	(8,265,753)	(37,176)	2,372,893	77,781,062
Construction in progress ("CIP")	184,231	4,270,955	-	(2,372,893)	2,082,293
	<u>\$ 83,895,329</u>	<u>\$ (3,994,798)</u>	<u>\$ (37,176)</u>	<u>\$ -</u>	<u>\$ 79,863,355</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

At June 30, 2012 and 2011, long-term debt and other long-term liabilities, including additions and reductions, consisted of the following

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	\$ 36,735,000	\$ -	\$ 36,735,000	\$ -	\$ -
2011 Compass Loan	-	36,735,000		36,735,000	2,160,882
Note payable - bank, RHMC	383,217	-	260,652	122,565	122,565
Subtotal bonds and notes payable	37,118,217	36,735,000	36,995,652	36,857,565	2,283,447
Less					
Unamortized loss on current refundings	-	-	-	(965,284)	(107,190)
Total bonds and notes payable	37,118,217	36,735,000	36,995,652	35,892,281	2,176,257
Other long-term liabilities					
Accrued professional liability claims	1,559,801	-	438,628	1,121,173	-
Accrued workers' compensation claims	135,000	-	54,000	81,000	-
Other	150,926	-	82,242	68,684	-
Total other long-term liabilities	1,845,727	-	574,870	1,270,857	-
Total long-term liabilities	\$ 38,963,944	\$ 36,735,000	\$ 37,570,522	\$ 37,163,138	\$ 2,176,257

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	\$ 38,060,000	\$ -	\$ 1,325,000	\$ 36,735,000	\$ -
Note payable - bank, RHMC	653,142	-	269,925	383,217	260,933
Total bonds and notes payable	38,713,142	-	1,594,925	37,118,217	260,933
Other long-term liabilities					
Accrued professional liability claims	2,751,606	-	1,191,805	1,559,801	-
Accrued workers' compensation claims	112,000	23,000	-	135,000	-
Other	204,644	-	53,718	150,926	-
Total other long-term liabilities	3,068,250	23,000	1,245,523	1,845,727	-
Total long-term liabilities	\$ 41,781,392	\$ 23,000	\$ 2,840,448	\$ 38,963,944	\$ 260,933

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

On August 1, 2011, the Board entered into a \$36,735,000 note payable ("the 2011 Note Payable") for the purpose of refunding \$36,735,000 of then-outstanding Series 1998 Bonds. Interest is payable monthly at a rate of 65% of LIBOR plus 1.54%. The note requires annual debt service payments with final payment due on August 1, 2021.

As a result of the current refunding, the Board recorded a loss of \$1,057,205, which is included in long-term debt on the balance sheet. This loss is being amortized over 10 years. The unamortized balance was \$965,284 as of June 30, 2012. The current refunding results in a positive cash flow of \$10,396,517 and an economic gain of \$436,048.

The Board entered into an interest rate swap agreement to modify the interest characteristics of the debt outstanding under this note payable. The Agreement involves the receipt of amounts based on a variable interest rate in exchange for payments to the counterparty based on a fixed interest rate over the life of the agreement, with notional amounts equal to the outstanding balance of the note payable through the term of the note (see Note G).

On June 30, 1998, the Board issued \$50,000,000 of Series 1998-A Bonds ("the Series 1998 Bonds"). The proceeds were used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions. As of June 30, 2011, the interest rates on the remaining outstanding Series 1998 Bonds range from 4.95% to 5.25%.

The Series 1998 Bonds were subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption. Beginning in 2014, the Bonds, which were scheduled to mature in 2014 and after, were required to be redeemed in annual amounts ranging from \$1,540,000 to \$3,160,000 through 2028.

The Series 1998 Bonds were limited obligations of the Board. The principal of and the interest on the Series 1998 Bonds were secured by a pledge of, and were payable solely out of, the gross revenue of the Board to be derived from the operation of the Medical Center. None of the physical assets of the Board were pledged or mortgaged to secure the Series 1998 Bonds. These bonds did not constitute an indebtedness of the State of Alabama, Calhoun County or the City of Anniston, nor did they give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of the foregoing.

In connection with the issuance of the 2011 note payable and the Series 1998 Bonds, the Board is required to maintain certain minimum financial ratios, including debt service coverage, historical pro forma debt service coverage, and a cushion ratio. The Board was in compliance with debt covenants as of June 30, 2012 and 2011. In addition to the above financial covenants, the Board was required to maintain the following accounts with the trustee:

	<u>2012</u>	<u>2011</u>
Debt service account	\$ -	\$ 273,258

Note payable - bank, RHMC consists of a 5.43%, note payable, due in monthly installments of \$24,915, including interest, through March 4, 2013. The note payable is guaranteed by the Board.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

Scheduled principal and interest repayments on long-term debt are as follows

	Variable Rate Debt		Derivatives, net	Total
	Principal	Interest		
2013	\$ 2,283,447	\$ 588,726	\$ 555,578	\$ 3,427,751
2014	2,160,882	550,403	520,855	3,232,140
2015	2,160,882	513,709	486,131	3,160,722
2016	2,160,882	477,016	451,407	3,089,305
2017	2,160,882	440,322	416,684	3,017,888
2018 to 2021	25,930,590	1,394,353	1,319,499	28,644,442
	<u>\$ 36,857,565</u>	<u>\$ 3,964,529</u>	<u>\$ 3,750,154</u>	<u>\$ 44,572,248</u>

As previously noted, the unamortized loss on refunding of debt is included in long-term debt on the balance sheet, however this amount is not included in the repayments above

The Board has also established an irrevocable escrow trust fund consisting of cash and government obligations which is sufficient to retire the previously issued Series 1979 Bonds. Accordingly, the related escrow trust fund and debt are not included in the accompanying financial statements. The amount of debt considered extinguished at June 30, 2011 was \$1,840,000. The debt was fully extinguished as of June 30, 2012.

NOTE G - DERIVATIVE INSTRUMENTS

In order to hedge the cash flows associated with the 2011 Compass Loan, the Board entered into an interest rate swap agreement with Compass Bank. As of June 30, 2012, the swap transaction had a notional amount of \$36,735,000, and requires the Board to pay a fixed rate of 3.305% and the counterparty to pay 65% of the one-month London Inter-bank Offered Rate ("LIBOR"). The swap transaction was entered into on August 19, 2011, and is scheduled to terminate on August 1, 2028. Only the net difference in interest payments is actually exchanged with the counterparty.

The swap arrangements qualified as an effective interest rate hedge at June 30, 2012. The fair value of the swap at June 30, 2012 was a liability of \$1,516,802. The fair value of the interest rate swap is determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. The related amount payable to the counterparty is included in long-term liabilities along with the proper offsetting deferred charge in other assets on the combined balance sheets. The counterparty is Baa3 rated by Moody's.

The Board is exposed to basis risk on its interest rate swap. Basis risk is the difference between the interest rate on the underlying debt and 65% of one-month LIBOR. The Board pays a fixed rate of 3.305% on the underlying debt and receives 65% of one-month LIBOR on the swap.

The Board or its counterparty may terminate the interest rate swap if the other party fails to perform under the terms on the contract. If at the time of termination, the swap is in a liability position, the Board would be liable to the counterparty for a payment equal to the liability.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE H - NET PATIENT ACCOUNTS RECEIVABLE

The components of net patient accounts receivable, were as follows at June 30

	<u>2012</u>	<u>2011</u>
Receivable from patients and their insurance carriers	\$ 50,383,104	\$ 56,631,326
Receivable from Medicare	34,587,154	37,017,282
Receivable from Medicaid	4,718,707	5,945,610
Total patient accounts receivable	89,688,965	99,594,218
Less allowance for contractual adjustments	51,752,743	53,221,011
Less allowance for uncollectible accounts	23,052,225	31,663,927
Net patient accounts receivable	<u>\$ 14,883,997</u>	<u>\$ 14,709,280</u>

NOTE I - RETIREMENT PLANS

The Medical Center has a trustee noncontributory defined benefit pension plan in which all employees employed prior to May 1, 2007, who have completed one year (1,000 hours or more per year) of service as of April 30, 2008 and have met the age requirements, are eligible to participate. The Plan is not required to issue a stand-alone financial report. The Medical Center's funding policy is to contribute amounts based on periodic actuarial valuations and recommendations. Assets held by the plan include cash equivalents (money market funds), government securities, nongovernment bonds, and corporate stocks.

Annual Pension Cost and Net Pension (Liability) Asset

The Medical Center's annual pension cost and net pension (liability) asset for the fiscal years ended June 30, 2012 and 2011, were as follows

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 2,445,477	\$ 2,290,749
Interest on net pension obligation	(15,970)	(12,162)
Adjustment to annual required contribution	25,083	19,102
Annual pension cost	2,454,590	2,297,689
Contributions made	2,132,000	2,354,452
Change in net pension asset	(322,590)	56,763
Net pension asset - beginning of fiscal year	237,971	181,208
Net pension (liability) asset - end of fiscal year	<u>\$ (84,619)</u>	<u>\$ 237,971</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE I - RETIREMENT PLANS (Continued)

Annual Pension Cost and Net Pension (Liability) Asset (Continued)

The following is a summary of required information

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Asset (Liability)
June 30, 2010	\$ 3,606,352	99.31%	\$ 181,208
June 30, 2011	\$ 2,297,689	102.47%	\$ 237,971
June 30, 2012	\$ 2,454,590	86.86%	\$ (84,619)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
May 1, 2009	\$ 28,534,556	\$ 42,163,029	\$ 13,628,473	67.68%	\$ 39,265,993	34.71%
May 1, 2010	\$ 32,713,170	\$ 37,949,443	\$ 5,236,273	86.20%	\$ 36,085,357	14.51%
May 1, 2011	\$ 34,257,160	\$ 41,595,192	\$ 7,338,032	82.36%	\$ 32,017,861	22.92%

The annual required contribution for the current year was determined as part of a May 1, 2011 actuarial valuation using the "projected unit credit" method. The actuarial assumptions included (a) a rate of increase in compensation levels of 3% for fiscal years 2012 and 2011, and (b) expected long-term rate of return on plan assets of 7.5% for fiscal years 2012 and 2011. Variances between actual experience and assumptions for costs and returns on assets which exceed the 10% corridor are amortized over the average expected vested working lives of employees in the plan.

The Hospital has a 403(b) plan for employees hired after May 1, 2007. Employer contributions are based on years of service and employees will become 100% vested after completing five years of service. Eligible employees may contribute a portion of their annual compensation. The Hospital contributed approximately \$432,000 and \$339,000 to the plan in fiscal years 2012 and 2011, respectively.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE J - OPERATING LEASES

Total rental expenses for all operating leases for the fiscal years ended June 30, 2012 and 2011, amounted to \$721,084 and \$667,903, respectively. The following is a schedule of future minimum lease payments under all operating leases having initial or remaining noncancelable lease terms in excess of one year.

Fiscal Year	
2013	\$ 696,983
2014	447,263
2015	352,251
2016	335,567
2017	58,664
	<u>\$ 1,890,728</u>

NOTE K - RENTAL INCOME

The Board rents office space to various parties, primarily to practicing physicians and surgeons. Total rental income was \$1,221,201 and \$1,228,852 for the fiscal years ending June 30, 2012 and 2011, respectively. Minimum future rental income under noncancelable operating lease agreements is as follows.

Fiscal Year	
2013	\$ 98,688
2014	64,824
2015	50,995
2016	2,245
2017	2,245
Thereafter	936
	<u>\$ 219,933</u>

Property and equipment comprising the rentable properties at June 30 was as follows:

	<u>2012</u>	<u>2011</u>
Land improvements	\$ 521,448	\$ 580,782
Buildings	12,984,636	13,641,039
Fixed equipment	6,297,014	6,550,543
	<u>19,803,098</u>	<u>20,772,364</u>
Less accumulated depreciation	12,883,331	12,617,814
	<u>\$ 6,919,767</u>	<u>\$ 8,154,550</u>

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE L - COMMITMENTS AND CONTINGENCIES

At June 30, 2012, lawsuits have been filed against the Medical Center claiming alleged personal and punitive damages. While the outcome of these lawsuits is not presently determinable, it is the opinion of management that the ultimate resolution of these claims will not have a material effect on the accompanying combined financial statements.

Effective June 12, 2003, the Medical Center is insured for medical malpractice claims through a claims-made insurance policy. Such coverage had a deductible of \$1,000,000 per claim until June 12, 2010, when the deductible was decreased to \$25,000 per claim. The Medical Center has recorded an accrual for its deductible as well as claims incurred prior to June 30, 2012, but not reported prior to that date based on historical experience. This accrual is recorded in other long-term liabilities on the accompanying combined balance sheets.

Effective May 1, 2003, the Medical Center is insured for workers' compensation claims through a claims-incurred insurance policy with Healthcare Workers' Compensation Self Insurance Fund. Such coverage has a deductible of \$250,000 per claim and is limited to claims incurred during the policy period.

At June 30, 2012, the Medical Center had entered into commitments for equipment and property additions totaling approximately \$1,652,000.

NOTE M - INVESTMENT IN UNCOMBINED ENTITY

Effective January 1998, the Medical Center authorized, upon becoming the sole member of Regional Health Services, Inc., a noninterest-bearing advance to Regional Health Services, Inc. not to exceed \$4,000,000. Additionally, effective August 2000, the Medical Center authorized a second noninterest-bearing advance to Regional Health Services, Inc. not to exceed \$1,000,000. The Affiliate, through its subsidiary, Regional Health Management Corporation ("RHMC"), has used the funds from the advances to partially finance a joint venture with local physicians. The funds were used for the construction and operations of The Surgery Center, LLC (the "LLC"), an outpatient surgery center in Oxford, Alabama, that began operations in May 2000.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE M - INVESTMENT IN UNCOMBINED ENTITY (Continued)

During 2005, RHMC obtained a note payable from a bank. The proceeds from this note payable were used to pay down amounts owed to the Medical Center. RHMC accounts for the investment in the uncombined entity using the equity method of accounting. RHMC's investment in the uncombined entity, was \$3,229,864 and \$3,249,978 at June 30, 2012 and 2011, respectively. RHMC has a 50% interest in the uncombined entity.

The results of operations and financial position of the LLC are summarized below:

	2012	2011
Condensed statements of operations		
Net patient service revenue	\$ 7,887,148	\$ 7,684,229
Operating income	\$ 1,299,315	\$ 1,148,301
Revenues in excess of expenses	\$ 1,182,293	\$ 1,003,631
Condensed balance sheet information		
Current assets	\$ 1,031,460	\$ 1,084,946
Property and equipment, net	5,966,814	5,943,405
Total assets	\$ 6,998,274	\$ 7,028,351
Current liabilities	\$ 739,414	\$ 550,461
Noncurrent liabilities	2,221,258	2,400,059
Equity	4,037,602	4,077,831
Total liabilities and equity	\$ 6,998,274	\$ 7,028,351

NOTE N - EMPLOYEE MEDICAL SELF-INSURANCE

The Board is self-insured for employee health claims. The plan is administered by a third party and includes per person stop loss coverage. Health insurance expense totaled \$6,127,849 and \$5,352,010 for the fiscal years ended June 30, 2012 and 2011, respectively. The Board has accrued an estimate of its liability for amounts due for incurred but not reported claims in accounts payable in the accompanying combined financial statements.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2012 and 2011

NOTE O - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values. The carrying value of the Board's investments presented in Note B also approximates fair value. In 2012, the Board refinanced their debt into a variable rate note, so the carrying value approximates fair value. Fair values of the Board's bonds in the prior fiscal year were based on current traded value. The fair value of the notes payable is based on the net present value of the scheduled payments discounted at current borrowing rates for similar issues. The fair value of the Board's bonds and notes payable was approximately \$35,172,540 at June 30, 2011.

NOTE P - ACQUISITION OF CLINICS

During FY 2012, RHMC acquired three healthcare clinics. The Board acquired one clinic. Goodwill was recorded as the excess of cost over the fair value of the assets purchased. Goodwill will be assessed for impairment annually. The Company's financial statements include the result of operations of the clinics since the acquisition dates. The assets acquired were as follows:

Inventory	\$ 7,000
Property and Equipment	\$ 1,086,984
Consideration	\$ 1,358,836
Assigned to Goodwill	\$ 264,852

NOTE Q - SUBSEQUENT EVENTS

The Board evaluated all events and transactions that occurred after June 30, 2012 through October 15, 2012, the date that the financial statements were available to be issued. During this period, the Board did not have any material recognizable subsequent events.