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|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Form 990  Department of the Treasury Internal Revenue Service | Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) | OMB No 1545-0047 |
| | The organization may have to use a copy of this return to satisfy state reporting requirements | <div> <div>2011</div> <div>Open to Public Inspection</div> </div> |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012 | | D Employer identification number 56-6017737 | |
| B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization WAKEMED Doing Business As SEE SCHEDULE O Number and street (or P O box if mail is not delivered to street address) Room/suite 3000 NEW BERN AVE City or town, state or country, and ZIP + 4 RALEIGH, NC 27610 | | E Telephone number (919) 350-0522 |
| | | G Gross receipts \$ 1,684,318,906 | |
| F Name and address of principal officer WILLIAM K ATKINSON PHD 3000 NEW BERN AVE RALEIGH, NC 27610 | | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ | |
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | | |
| J Website: ▶ WWW.WAKEMED.ORG | | | |
| K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ | | L Year of formation 1965 | M State of legal domicile NC |

| Part I | | Summary | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities WAKEMED IS A MULTI-FACILITY HEALTH SYSTEM, PROVIDING STATE OF THE ART, HIGH QUALITY CARE | | |
| | 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| | 3 Number of voting members of the governing body (Part VI, line 1a) | 3 | 14 |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 14 |
| | 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) | 5 | 8,955 |
| | 6 Total number of volunteers (estimate if necessary) | 6 | 1,617 |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 5,084,271 |
| | 7b Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year |
| | 9 Program service revenue (Part VIII, line 2g) | 5,720,938 | 4,853,411 |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 920,937,695 | 1,025,656,252 |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 15,487,893 | 16,967,024 |
| | 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 928,079 | 68,496 |
| | | 943,074,605 | 1,047,545,183 |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 1,667,290 | 1,232,277 |
| | 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) | 494,163,620 | 560,712,892 |
| | 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0 | | |
| | 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 441,394,424 | 466,378,228 |
| | 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 937,225,334 | 1,028,323,397 |
| | 19 Revenue less expenses Subtract line 18 from line 12 | 5,849,271 | 19,221,786 |
| Net Assets or Fund Balances | | Beginning of Current Year | End of Year |
| | 20 Total assets (Part X, line 16) | 1,362,673,830 | 1,426,399,681 |
| | 21 Total liabilities (Part X, line 26) | 654,720,444 | 642,059,490 |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 707,953,386 | 784,340,191 |

| 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 | | 2013-08-01 Date |
| | MICHAEL DEVAUGHN CFO Type or print name and title | | |
| Paid Preparer's Use Only | Preparer's signature | JOHN NORMAN | Date |
| | Check if self-employed | <input checked="" type="checkbox"/> | Preparer's taxpayer identification number (see instructions) P01506766 |
| | Firm's name (or yours if self-employed), address, and ZIP + 4 | CLIFTONLARSONALLEN LLP 101 N TRYON STREET SUITE 1000 CHARLOTTE, NC 28246 | |
| | EIN | 41-0746749 | Phone no (704) 998-5200 |
| May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

WAKEMED PROVIDES OUTSTANDING AND COMPASSIONATE CARE TO ALL WHO SEEK OUR SERVICES WE ARE COMMITTED TO THE HEALTH & WELLNESS OF THE COMMUNITIES WE SERVE BY PROVIDING PREVENTIVE, DIAGNOSTIC, IN/OUT PATIENT, REHABILITATIVE AND SKILLED NURSING CARE TO ALL REGARDLESS OF ABILITY TO PAY WE ALSO COLLABORATE WITH OTHER COMMUNITY ORGANIZATIONS TO IMPROVE HEALTH STATUS & ACCESS

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4

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

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| 4a | (Code) (Expenses \$ 243,264,362 including grants of \$) (Revenue \$ 244,042,003) |
| | SURGICAL SERVICES - WAKEMED OFFERS SURGICAL SERVICES IN FOUR LOCATIONS, WAKEMED RALEIGH CAMPUS, WAKEMED CARY HOSPITAL, WAKEMED NORTH HEALTHPLEX AND BLUE RIDGE SURGERY CENTER ALL OF THESE FACILITIES PROVIDE SURGICAL SERVICES TO ALL WHO SEEK CARE REGARDLESS OF THEIR ABILITY TO PAY BY HAVING IN AND OUT PATIENT SERVICES IN THREE DISTINCT LOCATIONS THROUGHOUT THE COUNTY, WAKEMED HAS IMPROVED ACCESS TO THESE NEEDED SERVICES WAKEMED HAS A BROAD RANGE OF SURGEONS WHO PERFORM PROCEDURES AT THESE LOCATIONS AND THE VOLUME CONTINUES TO INCREASE AS WAKE COUNTY'S ONLY STATE DESIGNATED LEVEL 1 TRAUMA CENTER, COMPREHENSIVE SURGICAL SERVICES WITH TRAUMA SURGEONS IN A VARIETY OF SPECIALITIES, GENERAL SURGERY, ORTHOPEDICS, NEUROSURGERY, AND VASCULAR SURGERY ARE KEY TO PROVIDING THE COMMUNITY WITH THIS MUCH NEEDED SERVICE ACCESS TO CARE CONTINUES TO BE ONE OF THE KEY HEALTH CONCERNS FACING OUR COMMUNITY, WE HAVE EXPANDED OUR NETWORK OF SPECIALISTS THROUGH WAKEMED FACULTY PRACTICE PHYSICIANS, ONE OF THE KEY GROUPS OF PHYSICIANS WHO PROVIDE CARE TO THE UNINSURED AND UNDERINSURED IN OUR COMMUNITY WAKEMED WORKS WITH THE PATIENT TO PROVIDE DISCOUNTED FEES BASED ON INCOME AND NEED MANY PHYSICIANS ON THE MEDICAL STAFF CONTINUE THIS PRACTICE OF PROVIDING QUALITY CARE TO PATIENTS, REGARDLESS OF ABILITY TO PAY LAST YEAR, (27%) WERE INSURED UNDER MEDICARE, (15%) WERE INSURED UNDER MEDICAID AND (5 2%) WERE UNINSURED (OR "SELF PAY OR CHARITY CARE") |
| 4b | (Code) (Expenses \$ 199,201,511 including grants of \$) (Revenue \$ 223,957,615) |
| | HEART SERVICES - WAKEMED'S HEART AND VASCULAR PROGRAM IS NOT ONLY THE LARGEST, BUT ONE OF THE MOST WELL RESPECTED IN CARDIOVASCULAR PROGRAMS IN NORTH CAROLINA PROCEDURES INCLUDED SURGERY, DIAGNOSTIC AND INTERNVENTIAL CARDIAC CATHERIZATIONS AND ELECTROPHYSIOLOGY STUDIES WERE PERFORMED AND THOUSANDS OF OTHERS WERE TREATED AND MEDICALLY AS IN/OUT PATIENTS THROUGHOUT THE SYSTEM HEART DISEASE REMAINS THE SECOND LEADING CAUSE OF DEATH IN WAKE COUNTY ADDITIONALLY, THE COUNTY'S 2010 HEALTH ASSESSMENT IDENTIFIED MANAGEMENT OF CHRONIC DISEASES RELATED TO CARDIOVASCULAR PROBLEMS OF PARAMOUNT IMPORTANCE TO WAKE COUNTY RESIDENTS' OVERALL HEALTH WAKEMED'S HEART CENTER HAS MADE SIGNIFICANT STRIDES IN PROGRAM AND SERVICES AIMING TO REDUCE HEART DISEASE AND DIABETES, IMPROVE STROKE OUTCOMES AND IMPROVDE PATIENTS' UNDERSTANDING OF DISEASE MANAGEMENT THE WAKEMED HEART CENTER PROVIDES A COMPREHENSIVE CONTINUUM OF CARE FOR THE CARDIAC PATIENT FROM OUTREACH EDUCATION AND PREVENTION TO DIAGNOSIS, INTERVENTION, SURGERY, CARDIAC REHABILITATION AND ON-GOING DISEASE MANAGEMENT FOR HEART FAILURE AND DIABETES FREE EDUCATION PROGRAMS ARE OFFERED REGULARLY FOR OUR PATIENTS, THEIR FAMILY MEMBERS AND THE COMMUNITY TO COMPLEMENT OUR COMPREHENSIVE CARE SERVICES OUR INTENTIONS ARE TO TEACH PATIENTS ABOUT THEIR RISK FACTORS FOR HEART DISEASE AND ENCOURAGE HEALTHY BEHAVIORS THROUGH LIFESTYLE CHANGES, THUS BUILDING A FOUNDATION FOR A HEALTHIERPOPULATION ALL OF WAKEMED'S EMERGENCY DEPARTMENTS ARE CERTIFIED CHEST PAIN CENTERS AND WAKEMED RALEIGH CAMPUS AND CARY HOSPITAL ARE DESIGNATED PRIMARY STROKE CENTERS BOTH WAKEMED RALEIGH CAMPUS AND WAKEMED CARY HOSPITAL HAVE RECEIVED THE AMERICAN COLLEGE OF CARDIOLOGY FOUNDATION'S NCDR ACTION REGISTRY-GWTG PLATINUM PERFORMANCE ACHIEVEMENT AWARD FOR 2012 - TWO OF ONLY 164HOSPITALS NATIONWIDE TO DO SO BOTH HOSPITALS HAVE ALSO RECEIVED THE GET WITH THE GUIDELINES"-HEART FAILURE GOLD QUALITY ACHIEVEMENT AWARD FROM THE AMERICAN HEART ASSOCIATION THE RECOGNITION SIGNIFIES THAT WAKEMED HAS REACHED AN AGGRESSIVE GOAL OF TREATING HEART FAILURE PATIENTS ACCORDING TO THE GUIDELINES OF CARE RECOMMENDED BY THE AMERICAN HEART ASSOCIATION/AMERICAN COLLEGE OF CARDIOLOGY IN ADDITION, WAKEMED RALEIGH CAMPUS RECEIVED THE AMERICAN HEART ASSOCIATION'S MISSION LIFELINE" GOLD QUALITY ACHIEVEMENT AWARD STEMI RECEIVING CENTER THE AWARD RECOGNIZES WAKEMED'S COMMITMENT AND SUCCESS IN IMPLEMENTING THE HIGHEST STANDARD OF CARE FOR HEART ATTACK PATIENTS HOSPITALS INVOLVED IN MISSION LIFELINE ARE PART OF A SYSTEM THAT MAKES SURE STEMI PATIENTS GET THE RIGHT CARE THEY NEED, AS QUICKLY AS POSSIBLE THE AWARD RECOGNIZES WAKEMED'S COMMITMENT AND SUCCESS IN IMPLEMENTING A HIGHER STANDARD OF CARE FOR HEART ATTACK PATIENTS AND SIGNIFIES THAT WAKEMED HAS REACHED AN AGGRESSIVE GOAL OF TREATING THESE PATIENTS TO STANDARD LEVELS OF CARE AS OUTLINED BY THE AMERICAN COLLEGE OF CARDIOLOGY/AMERICAN HEART ASSOCIATION CLINICAL GUIDELINES AND RECOMMENDATIONS SUPPORTING THESE INITIATIVES, WAKEMED MOBILE CRITICAL CARE SERVICES PROVIDES CRITICAL CARE TRANSPORT VIA GROUND AND AIR TRANSPORTATION, HELPING PATIENTS WHO NEED IMMEDIATE INTERVENTION OR ACUTE CARE ACCESS THE SERVICES OF THE HEALTH SYSTEM SERVING THE REGION AND ALL OF NORTH CAROLINA, MOBILE TRANSPORTS APPROXIMATELY 1,300 CRITICALLY ILL PATIENTS EACH MONTH, IT IS THE BUSIEST INTER-FACILITY GROUND TRANSPORT SERVICE IN THE STATE EACH YEAR, WAKEMED'S HEART CENTER PROVIDES FREE HEALTH SCREENINGS INCLUDING CHOLESTEROL SCREENINGS, BLOOD PRESSURE CHECKS, VASCULAR SCREENINGS AND STROKE ASSESSMENTS THROUGHOUT THE COMMUNITY THESE SCREENINGS ARE DESIGNED TO BE A SECONDARY PREVENTION ACTIVITY TO DETECT EARLY ONSET OF DISEASE OR ILLNESS WAKEMED CONDUCTS TRAINING FOR THE PROGRAM CPR ANYTIME AT MULTIPLE LOCATIONS IN WAKE COUNTY, AND PROVIDES CPR ANYTIME KITS THROUGHOUT THE COMMUNITY AT MORE THAN A 70 PERCENT DISCOUNTED COST OF ALL OF THE PROCEDURES DONE, (60%) WERE INSURED UNDER MEDICARE, (6 6%) WERE INSURED UNDER MEDICAID, AND (4 2%) OF THESE PATIENTS WERE UNINSURED |
| 4c | (Code) (Expenses \$ 90,293,142 including grants of \$) (Revenue \$ 134,236,535) |
| | EMERGENCY SERVICES - ACCESS TO AFFORDABLE HEALTH CARE CONTINUES TO BE A CRITICAL CHALLENGE FACING WAKE COUNTY'S RESIDENTS ONE OF THE MANY WAYS WAKEMED HAS IMPROVED ACCESS FOR WAKE COUNTY RESIDENTS IS THROUGH OUR MULTIPLE LOCATIONS AND PHYSICIANS OFFICES THROUGHOUT THE COMMUNITY OVER THE PAST COUPLE OF YEARS, WAKEMED HAS OPENED FULL SERVICE, STAND ALONE EMERGENCY DEPARTMENTS, WHICH ARE GEOGRAPHICALLY SPREAD THROUGHOUT THE COUNTY, INCREASING CONVENIENT ACCESS TO EMERGENCY CARE FOR PATIENTS TODAY, THERE ARE SIX EMERGENCY DEPARTMENTS AND A SEVENT UNDER CONSTRUCTION AND SLATED TO OPEN IN AUGUST 2013 WAKEMED IS AMONG THE TOP THREE VOLUME PROVIDERS OF EMERGENCY CARE IN NORTH CAROLINA IT'S FIVE ADULT EMERGENCY DEPARTMENTS ARE LOCATED THROUGHOUT WAKE COUNTY OUR CHILDRENS EMERGENCY DEPARTMENT IN RALEIGH IS THE ONLY CHILDRENS ED IN THE COUNTY WAKEMED'S RALEIGH CAMPUS IS ALSO HOME TO WAKE COUNTY'S ONLY LEVEL 1 TRAUMA CENTER THE HIGHEST DESIGNATION AWARDED TO TRAUMA CENTERS IN NORTH CAROLINA OUR TRAUMA SERVICE INCLUDES A COMPREHENSIVE RESEARCH PROGRAM, INJURY PREVENTION PROGRAMS, FELLOWSHIP TRAINED TRAUMA SURGEONS ON SITE 24-7, A MULTI-DISCIPLINARY TEAM OF PROFESSIONALS, THE CLINICAL SUPPORT OF SIX ADULT INTENSIVE CARE UNITS AND A PEDIATRIC INTENSIVE CARE UNIT, AS WELL AS A COMPREHENSIVE ACUTE, INPATIENT AND OUTPATIENT PHYSICAL REHABILITATION PROGRAM WAKEMED'S EMERGENCY AND TRAUMA SERVICES TREAT ALL PATIENTS WHO PRESENT SEEKING MEDICAL CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FY 2012 OUT OF THE TOTAL VISITS, (16 4%) WERE INSURED UNDER MEDICARE, (26%) WERE INSURED UNDER MEDICAID, AND (22%) OF THESE PATIENTS WERE UNINSURED OVER 48% PERCENT OF ALL PATIENTS SEEN IN OUR EDS ARE EITHER MEDICAID OR UNINSURED RESULTING IN WAKEMED PROVIDING CARE FOR MORE THAN 80 PERCENT OF THE COUNTY'S UNINSURED AND MEDICAID PATIENTS ALL OF THE STAND ALONE LOCATIONS SERVE AREAS WHICH ARE OTHERWISE UNDERSERVED BY DEDICATED MEDICAL SERVICES |
| | (Code) (Expenses \$ 393,323,350 including grants of \$ 1,232,277) (Revenue \$ 409,357,112) |
| 4d | Other program services (Describe in Schedule O) |
| | (Expenses \$ 393,323,350 including grants of \$ 1,232,277) (Revenue \$ 409,357,112) |
| 4e | Total program service expenses\$ 926,082,365 |

Form 990 (2011)

Part IV Checklist of Required Schedules

| | | Yes | No |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A. | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I. | | No |
| 4 | Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II. | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III. | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I. | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II. | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III. | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV. | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V. | 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? If "Yes," complete Schedule D, Part VI. | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII. | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional. | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E. | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | | No |
| b | Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I. | Yes | |
| 15 | Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV. | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? If "Yes," complete Schedule F, Part III and IV. | | No |
| 17 | Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I. | | No |
| 18 | Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II. | | No |
| 19 | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III. | | No |
| 20a | Did the organization operate one or more hospitals? If "Yes," complete Schedule H. | 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. | 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 | Yes | |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | No |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | No |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | No |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | | No |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | Yes | |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | Yes | |
| 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 | Yes | |
| 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 | Yes | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

| | | | | | | |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|--|--|----|
| Part V Statements Regarding Other IRS Filings and Tax Compliance | | | | | | |
| Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/> | | | | | | |
| | | Yes | No | | | |
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . | 1a | 600 | | | |
| 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 | 8,955 | | | |
| 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 | Yes | | | |
| b | If "Yes," enter the name of the foreign country: CJ 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 | | |
| 1b | Enter the number of voting members included in line 1a, above, who are independent | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 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 |
| 7b | 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 | | |
| 8a | The governing body? | 8a | Yes |
| 8b | 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 |
| 10b | 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 |
| 11b | 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 |
| 12b | Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | Yes |
| 12c | 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? | | |
| 15a | The organization's CEO, Executive Director, or top management official | 15a | Yes |
| 15b | 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 |
| 16b | 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 | NC |
| 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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request | |
| 19 | Describe in Schedule O whether (and if so, how), the organization 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. | |
| MICHAEL DEVAUGHN CFO 3000 NEW BERN AVE RALEIGH, NC 27610 (919) 350-0522 | | |

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

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 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

[illegible]

Part VII

| | | | | | |
|-----------|------------------------------------------------------------------------|----------|-----------|---|---------|
| 1b | Sub-Total | ▼ | | | |
| c | Total from continuation sheets to Part VII, Section A | ▼ | | | |
| d | Total (add lines 1b and 1c) | ▼ | 9,321,316 | 0 | 989,535 |

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 439

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

Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------|
| OWENS & MINOR 4200 GLOBAL ST RALEIGH, NC 27610 | MEDICAL PRODUCTS | 26,402,620 |
| AMERISOURCEBERGEN PO BOX 530494 ATLANTA, GA 303530494 | PHARMACEUTICALS | 24,065,856 |
| MEDTRONIC PO BOX 409201 ATLANTA, GA 303849201 | MEDICAL DEVICES | 20,027,915 |
| HURON CONSULTING GROUP 3005 MOMENTUM PL CHICAGO, IL 60689 | CONSULTING FIRM | 19,567,770 |
| UNIVERSITY OF NC HOSPITAL 211 FRIDAY CENTER DR CHAPEL HILL, NC 27517 | MEDICAL PROFESSIONAL FEES | 16,275,900 |
| 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 361 | | |

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 | 4,310 | | | | |
| | e | Government grants (contributions) | 1e | 4,300,647 | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 548,454 | | | | |
| | g | Noncash contributions included in lines 1a-1f \$ _____ | | | | | | |
| | h | Total. Add lines 1a-1f | | 4,853,411 | | | | |
| Program Service Revenue | | | Business Code | | | | | |
| | 2a | PATIENT SERVICES | 621500 | 1,005,061,892 | 1,002,389,183 | 2,672,709 | | |
| | b | | | | | | | |
| | c | | | | | | | |
| | d | | | | | | | |
| | e | | | | | | | |
| | f | All other program service revenue | | 20,594,360 | 9,859,392 | 2,411,562 | 8,323,406 | |
| | g | Total. Add lines 2a-2f | | 1,025,656,252 | | | | |
| Other Revenue | 3 | Investment income (including dividends, interest and other similar amounts) | | 13,412,937 | | | 13,412,937 | |
| | 4 | Income from investment of tax-exempt bond proceeds . . . | | | | | | |
| | 5 | Royalties | | | | | | |
| | 6a | (i) Real | | (ii) Personal | | | | |
| | | Gross rents | 780,955 | | | | | |
| | | b Less rental expenses | 57,149 | | | | | |
| | | c Rental income or (loss) | 723,806 | | | | | |
| | d | Net rental income or (loss) | | 723,806 | | | 723,806 | |
| | 7a | (i) Securities | | (ii) Other | | | | |
| | | Gross amount from sales of assets other than inventory | 638,656,209 | 1,614,452 | | | | |
| | | b Less cost or other basis and sales expenses | 635,868,354 | 848,220 | | | | |
| | | c Gain or (loss) | 2,787,855 | 766,232 | | | | |
| | d | Net gain or (loss) | | 3,554,087 | | | 3,554,087 | |
| | 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 | SURGERY CENTER | 621610 | -655,310 | -655,310 | | | | |
| b | | | | | | | | |
| c | | | | | | | | |
| d | All other revenue | | | | | | | |
| e | Total. Add lines 11a-11d | | -655,310 | | | | | |
| 12 | Total revenue. See Instructions | | 1,047,545,183 | 1,011,593,265 | 5,084,271 | 26,014,236 | | |

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 | 1,232,277 | 1,232,277 | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 6,159,623 | 4,927,698 | 1,231,925 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 457,103,566 | 388,538,031 | 68,565,535 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 19,000,022 | 16,150,019 | 2,850,003 | |
| 9 Other employee benefits | 46,486,756 | 39,513,743 | 6,973,013 | |
| 10 Payroll taxes | 31,962,925 | 27,168,486 | 4,794,439 | |
| 11 Fees for services (non-employees) | | | | |
| a Management | 179,225 | | 179,225 | |
| b Legal | 2,269,883 | 2,133,690 | 136,193 | |
| c Accounting | 268,713 | 246,007 | 22,706 | |
| d Lobbying | 775,060 | 728,556 | 46,504 | |
| e Professional fundraising See Part IV, line 17 | | | | |
| f Investment management fees | 1,128,667 | 1,060,947 | 67,720 | |
| g Other | 83,049,695 | 78,066,713 | 4,982,982 | |
| 12 Advertising and promotion | 5,478,020 | 5,149,339 | 328,681 | |
| 13 Office expenses | 36,481,645 | 34,292,746 | 2,188,899 | |
| 14 Information technology | 12,021,764 | 11,300,458 | 721,306 | |
| 15 Royalties | | | | |
| 16 Occupancy | 20,327,736 | 19,108,072 | 1,219,664 | |
| 17 Travel | 1,079,106 | 1,014,360 | 64,746 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 1,488,912 | 1,399,577 | 89,335 | |
| 20 Interest | 14,762,419 | 14,762,419 | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 64,374,969 | 64,374,969 | | |
| 23 Insurance | 8,177,810 | 7,687,141 | 490,669 | |
| 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 | 142,883,735 | 142,883,735 | | |
| b REPAIRS/MAINT | 21,354,540 | 17,083,633 | 4,270,907 | |
| c MINOR EQUIPMENT | 4,029,975 | 3,788,176 | 241,799 | |
| d | | | | |
| e | | | | |
| f All other expenses | 46,246,354 | 43,471,573 | 2,774,781 | |
| 25 Total functional expenses. Add lines 1 through 24f | 1,028,323,397 | 926,082,365 | 102,241,032 | 0 |
| 26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

Part X

Balance Sheet

| | | | | | (A) | | (B) |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------------|-------------------|-----|---------------|
| | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | 54,892 | 1 | 384,006 |
| | 2 | Savings and temporary cash investments | | | 567,398,778 | 2 | 562,996,131 |
| | 3 | Pledges and grants receivable, net | | | 380,053 | 3 | 584,497 |
| | 4 | Accounts receivable, net | | | 122,045,084 | 4 | 160,439,800 |
| | 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 | | | | 7 | |
| | 8 | Inventories for sale or use | | | 18,983,249 | 8 | 19,265,050 |
| | 9 | Prepaid expenses and deferred charges | | | 7,164,240 | 9 | 8,867,737 |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | 1,268,395,880 | | | |
| | b | Less: accumulated depreciation | 10b | 741,022,993 | 519,346,925 | 10c | 527,372,887 |
| | 11 | Investments—publicly traded securities | | | 49,468,660 | 11 | 64,405,425 |
| | 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 | | | 77,831,949 | 15 | 82,084,148 |
| | 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | 1,362,673,830 | 16 | 1,426,399,681 |
| Liabilities | 17 | Accounts payable and accrued expenses | | | 132,227,054 | 17 | 152,799,029 |
| | 18 | Grants payable | | | | 18 | |
| | 19 | Deferred revenue | | | 1,088,448 | 19 | 1,228,004 |
| | 20 | Tax-exempt bond liabilities | | | 455,346,622 | 20 | 430,725,699 |
| | 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 | |
| | 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 | | | 66,058,320 | 25 | 57,306,758 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | 654,720,444 | 26 | 642,059,490 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | | | |
| | 27 | Unrestricted net assets | | | 707,401,312 | 27 | 783,811,065 |
| | 28 | Temporarily restricted net assets | | | 552,074 | 28 | 204,142 |
| | 29 | Permanently restricted net assets | | | | 29 | 324,984 |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | | 32 | |
| | 33 | Total net assets or fund balances | | | 707,953,386 | 33 | 784,340,191 |
| | 34 | Total liabilities and net assets/fund balances | | | 1,362,673,830 | 34 | 1,426,399,681 |

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 | 1,047,545,183 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 1,028,323,397 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 19,221,786 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 707,953,386 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | 57,165,019 |
| 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 | 784,340,191 |

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

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

| | | | | | |
|----------------------------|----------------|-------------|------------------------|-------------------------|---------------|
| 4d. Other program services | | | | | |
| (Code |) (Expenses \$ | 393,323,350 | including grants of \$ | 1,232,277) (Revenue \$ | 409,357,112) |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--------------------------------------------------------|-------------------------------|----------------------------------------|-----------------------|---------|--------------|------------------------------|--------|----------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| THOMAS BOXHOLM BOARD OF DIRECTORS - CHAIR | 4 00 | X | | | | | | 0 | 0 | 0 |
| WILLIAM H MCBRIDE BOARD OF DIRECTORS - VICE CHAIR | 3 00 | X | | | | | | 0 | 0 | 0 |
| JERRY C BERNSTEIN MD BOARD OF DIRECTORS - SECRETARY | 2 30 | X | | | | | | 0 | 0 | 0 |
| RICHARD F BAKER BOARD MEMBER | 2 50 | X | | | | | | 0 | 0 | 0 |
| LARRY D BARBOUR BOARD MEMBER | 4 00 | X | | | | | | 0 | 0 | 0 |
| ROBERT A CERWIN MD BOARD MEMBER | 2 30 | X | | | | | | 0 | 0 | 0 |
| BRENDA C GIBSON BOARD MEMBER | 2 30 | X | | | | | | 0 | 0 | 0 |
| M JACKSON NICHOLS BOARD MEMBER | 2 30 | X | | | | | | 0 | 0 | 0 |
| WILLIAM R MCNEAL BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| LESLIE MERRITT JR BOARD MEMBER | 1 80 | X | | | | | | 0 | 0 | 0 |
| CHRISTINA ALVARADO SHANAHAN BOARD MEMBER | 1 50 | X | | | | | | 0 | 0 | 0 |
| LORRAINE M WRIGHT PHD BOARD MEMBER | 2 30 | X | | | | | | 0 | 0 | 0 |
| LLOYD M YATES BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| A BLANTON GODFREY PHD BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| WILLIAM K ATKINSON PHD CEO | 80 00 | | | X | | | | 1,150,814 | 0 | 313,767 |
| MICHAEL DEVAUGHN CFO | 60 00 | | | X | | | | 545,002 | 0 | 30,120 |
| THOMAS GETTINGER EXEC VP & COO | 65 00 | | | X | | | | 635,592 | 0 | 55,544 |
| ROYLYN JOHNSON OFFICER-SECRETARY | 50 00 | | | X | | | | 90,766 | 0 | 11,949 |
| KATHLEEN K GORMLEY EXECUTIVE VP OPERATIONS & | 60 00 | | | | X | | | 589,723 | 0 | 45,388 |
| DAVID C COULTER SENIOR VP - ADMINISTRATOR | 60 00 | | | | X | | | 440,744 | 0 | 42,387 |
| JEANENE R MARTIN SENIOR VP - HR | 60 00 | | | | X | | | 319,344 | 0 | 34,955 |
| E DENTON ARLEDGE VP & CIO | 60 00 | | | | X | | | 299,116 | 0 | 40,425 |
| THOMAS G CAVENDER VP FACILITIES & CONSTRUCTI | 60 00 | | | | X | | | 280,219 | 0 | 19,749 |
| CAROLYN KNAUP VP - AMBULATORY SERVICES | 55 00 | | | | X | | | 234,952 | 0 | 36,779 |
| BETSY GASKINS-MCCLLAINE VP HEART & VASCULAR SERVIC | 60 00 | | | | X | | | 252,958 | 0 | 31,713 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|----------------------------------------------------|-------------------------------|----------------------------------------|-----------------------|---------|--------------|------------------------------|--------|----------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| GEORGIA C SUMIEL VP OPERATIONS | 50 00 | | | | X | | | 215,037 | 0 | 27,416 |
| CYNTHIA ALNESS-BOILY SENIOR VP-OPERATIONS & CNO | 50 00 | | | | X | | | 205,584 | 0 | 14,382 |
| TIMOTHY E HARRIS PHYSICIAN | 60 00 | | | | | X | | 770,075 | 0 | 57,796 |
| JOHNATHAN D CHAPPELL PHYSICIAN | 60 00 | | | | | X | | 854,896 | 0 | 55,356 |
| GURVINDER S DEOL PHYSICIAN | 60 00 | | | | | X | | 802,420 | 0 | 58,760 |
| JD PHILLIPS PHYSICIAN | 60 00 | | | | | X | | 781,194 | 0 | 58,049 |
| BRIAN GO PHYSICIAN | 60 00 | | | | | X | | 732,880 | 0 | 55,000 |
| THOMAS H FETZER JR BOARD MEMBER (FORMER) | 0 00 | | | | | | X | 120,000 | 0 | 0 |

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 WAKEMED | Employer identification number 56-6017737 |
|-------------------------------------|----------------------------------------------|

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 Se**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 | | | | | | <input type="checkbox"/> |

| 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 WAKEMED | Employer identification number 56-6017737 |
|-------------------------------------|----------------------------------------------|

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

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

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

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

Part II-A

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

- A

Check

☐

if the filing organization belongs to an affiliated group (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? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | | | | | | | |

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

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

Part II-B

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

| | | (a) | | (b) |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|---------|
| | | Yes | No | Amount |
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| | a Volunteers? | | No | |
| | b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| | c Media advertisements? | | No | |
| | d Mailings to members, legislators, or the public? | | No | |
| | e Publications, or published or broadcast statements? | | No | |
| | f Grants to other organizations for lobbying purposes? | | No | |
| | g Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 775,060 |
| | h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| | i Other activities? If "Yes," describe in Part IV | | No | |
| | j Total lines 1c through 1i | | | 775,060 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|-----------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PART IV, SUPPLEMENTAL INFORMATION | | WAKEMED AND ITS OFFICE OF GOVERNMENT AFFAIRS WORK TO MAINTAIN AND STRENGTHEN EFFECTIVE RELATIONSHIPS WITH LEGISLATORS AND POLICY MAKERS AT THE STATE, LOCAL AND NATIONAL LEVELS THE OBJECTIVE IS TO ENSURE THAT WAKEMED'S POINT OF VIEW IS CONSISTENTLY AND CONTINUALLY HEARD SO THAT LEGISLATION, REGULATIONS AND THE SETTING OF HEALTH POLICY SUPPORT THE ORGANIZATION'S ABILITY TO FULFILL ITS MISSION OF CARE FOR ALL, REGARDLESS OF THE ABILITY TO PAY |

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
WAKEMED

Employer identification number

56-6017737

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

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

2

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

a

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

b

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

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

Cat No 52283D

Schedule D (Form 990) 2011

Additional Data

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

Form 990 Schedule B, Part 1 - Contributors (see instructions)

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Aggregate contributions | (d) Type of contribution |
|------------|---------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>1</u> | <div>BCBS OF NORTH CAROLINA</div> <div>PO BOX 2291</div> <div>DURHAM, NC 27702</div> | \$ 12,913 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |
| <u>2</u> | <div>JOHN REX ENDOWMENT GRANT</div> <div>PO BOX 25425</div> <div>RALEIGH, NC 27611</div> | \$ 183,648 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |
| <u>3</u> | <div>NATIONAL INITIATIVE FOR CHILDREN'S</div> <div>30 WINTER ST 6TH FLOOR</div> <div>BOSTON, MA 02108</div> | \$ 6,190 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |
| <u>4</u> | <div>THE DUKE ENDOWMENT</div> <div>100 NORTH TRYON ST 3500</div> <div>CHARLOTTE, NC 28202</div> | \$ 293,311 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |
| <u>5</u> | <div>WAKE COUNTY MEDICAL SOCIETYCOMMUNIT</div> <div>2800 BLUE RIDGE RD 330</div> <div>RALEIGH, NC 27606</div> | \$ 21,577 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |
| <u>6</u> | <div>ALLEN CHARITABLE TRUST</div> <div>150 FAYETTEVILLE STREET MALL</div> <div>RALEIGH, NC 27601</div> | \$ 6,310 | <div>Person <input checked="" type="checkbox"/></div> <div>Payroll <input type="checkbox"/></div> <div>Noncash <input checked="" type="checkbox"/></div> <div>(Complete Part II if there is a noncash contribution)</div> |

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

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

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

| | | | | | |
|----|----------------------------------------------------------|---------------|-------------------|---------------------|--------------------|
| | (a)Current Year | (b)Prior Year | (c)Two Years Back | (d)Three Years Back | (e)Four Years Back |
| 1a | Beginning of year balance | 327,535 | 322,669 | 316,547 | 350,781 |
| b | Contributions | | | | |
| c | Investment earnings or losses | 5,044 | 5,980 | 7,328 | 9,625 |
| d | Grants or scholarships | | | | |
| e | Other expenditures for facilities and programs | 6,310 | | | 42,650 |
| f | Administrative expenses | 1,286 | 1,114 | 1,206 | 1,209 |
| g | End of year balance | 324,984 | 327,535 | 322,669 | 316,547 |

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ 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 | | 3,889,817 | | 3,889,817 |
| b Buildings | | 571,069,588 | 210,033,155 | 361,036,433 |
| c Leasehold improvements | | 15,621,174 | 6,180,374 | 9,440,800 |
| d Equipment | | 636,712,746 | 508,015,030 | 128,697,716 |
| e Other | | 41,102,555 | 16,794,434 | 24,308,121 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 527,372,887 |

Schedule D (Form 990) 2011

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS | PART V, LINE 4 | THE ALLEN TRUST ENDOWMENT FUNDS ARE USED TO PROVIDE POOR AND INDIGENT PATIENTS WITH PRIVATE DUTY NURSING CARE. WAKEMED DEFINES POOR AND INDIGENT PATIENTS AS THOSE WITH A FINANCIAL CLASS OF SELF-PAY OR MEDICAID. A SITTER CAN BE IN EITHER THE HOSPITAL OR HOMECARE SETTING. |

Additional Data

Software ID:

Software Version:

EIN: 56-6017737

Name: WAKEMED

Form 990, Schedule D, Part IX, - Other Assets

| (a) Description | (b) Book value |
|-------------------------------|----------------|
| PREPAID PENSION OBLIGATION | 2,799,863 |
| DEFERRED BOND FINANCING COSTS | 4,237,890 |
| OTHER EQUITY INVESTMENTS | 10,908,313 |
| RESTRICTED FUNDS | 42,218,607 |
| DESIGNATED FUNDS | 9,234,649 |
| GOODWILL/WORK FORCE IN PLACE | 6,944,176 |
| LT NOTES RECEIVABLE | 5,328,141 |
| MISC | 412,509 |

Department of the Treasury
Internal Revenue Service

► **Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.**
► **Attach to Form 990. ► See separate instructions.**

2011

Open to Public Inspection

Name of the organization
WAKEMED

Employer identification number

56-6017737

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activities per Region (Use Part V if additional space is needed)

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region or independent contractors | (d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for region/investments in region |
|---------------------------------------------------|-------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| CARIBBEAN | | | INVESTMENTS/CONFERENCE | | 61,155 |
| EUROPE | | | CONFERENCE | | 5,533 |
| NORTH AMERICA | | | CONFERENCE | PATIENT TRANSPORT | 1,077 |
| | | | | | |
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| | | | | | |
| | | | | | |
| 3a Sub-total | 0 | 0 | | | 67,765 |
| b Total from continuation sheets to Part I | 0 | 0 | | | 0 |
| c Totals (add lines 3a and 3b) | 0 | 0 | | | 67,765 |

[illegible]

3 Enter total number of other organizations or entities ►

Part III

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes

☒ No

Additional Data

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

Part V

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

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
WAKEMED

Employer identification number
56-6017737

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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> | | | |
| 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 <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input checked="" type="checkbox"/> Other <u>250.000000000000 %</u></div> 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 <div><input type="checkbox"/> 200%<input checked="" type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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? | | | |
| 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? | 4 | Yes | |
| 6a | Did the organization prepare a community benefit report during the tax year? | 5a | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | 5b | Yes | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | 5c | | No |
| | | 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) | | | 77,064,775 | | 77,064,775 | 7 490 % |
| b Medicaid (from Worksheet 3, column a) | | | 143,089,685 | 136,399,951 | 6,689,734 | 0 650 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 2,341,056 | 1,901,234 | 439,822 | 0 040 % |
| d Total Charity Care and Means-Tested Government Programs | | | 222,495,516 | 138,301,185 | 84,194,331 | 8 180 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 3,117,641 | 203,981 | 2,913,660 | 0 280 % |
| f Health professions education (from Worksheet 5) | | | 9,978,309 | 8,719,900 | 1,258,409 | 0 120 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 666,793 | | 666,793 | 0 060 % |
| j Total Other Benefits | | | 13,762,743 | 8,923,881 | 4,838,862 | 0 460 % |
| k Total. Add lines 7d and 7j | | | 236,258,259 | 147,225,066 | 89,033,193 | 8 640 % |

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 | | 213,635 | | 213,635 | 0 020 % |
| 3 | Community support | | 660,472 | | 660,472 | 0 060 % |
| 4 | Environmental improvements | | | | | |
| 5 | Leadership development and training for community members | | | | | |
| 6 | Coalition building | | | | | |
| 7 | Community health improvement advocacy | | 38,140 | | 38,140 | 0 % |
| 8 | Workforce development | | 1,426,308 | 52,000 | 1,374,308 | 0 130 % |
| 9 | Other | | | | | |
| 10 | Total | | 2,338,555 | 52,000 | 2,286,555 | 0 210 % |

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

| | | Yes | No |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------------|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | 1 | Yes |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 13,400,457 |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | |

Section B. Medicare

| | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 249,111,724 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 261,939,143 |
| 7 | Subtract line 6 from line 5. This is the surplus or (shortfall) | 7 | -12,827,419 |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other | | |

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(see instructions)

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|-------------------------------------|-----------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------|
| 1 1 WAKE PET SERVICES LLC | EQUIPMENT LEASING | 50 000 % | 0 % | 50 000 % |
| 2 2 CARDIAC INNOVATIONS LLC | EQUIPMENT LEASING | 100 000 % | 0 % | 0 % |
| 3 3 WAKE ORTHOPEADICS LLC | MEDICAL PRACTICE | 100 000 % | 0 % | 0 % |
| 4 4 WAKE SPECIALTY PHYSICIANS LLC | MEDICAL PRACTICE | 100 000 % | 0 % | 0 % |
| 5 5 BLUE RIDGE GP LLC | MEDICAL PRACTICE | 51 000 % | 0 % | 0 % |
| 6 6 PARTNERS IN PRACTICE LLC | MEDICAL PRACTICE | 100 000 % | 0 % | 0 % |
| 7 7 CSAMS NEW BERN AVE LLC | HEALTHCARE | 100 000 % | 0 % | 0 % |
| 8 8 CAPITAL CITY SURGERY CENTER LLC | HEALTHCARE | 55 910 % | 0 % | 44 090 % |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 2

Name and address

[illegible]

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.)

WAKEMED - RALEIGH CAMPUS

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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI) | 1 Yes | |
| 2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 10 | | |
| 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 Yes | |
| 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 | No |
| 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 <input type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input checked="" type="checkbox"/> Other (describe in Part VI) | 5 Yes | |
| 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in the community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI) | | |
| 7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs | 7 | No |
| 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 250 00000000000000% 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>250 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 <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> 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 <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | |
| 16 | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | 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 <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | |
| d | <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | |
| b | <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | |
| d | <input checked="" type="checkbox"/> 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 B. Facility Policies and Practices.

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

WAKEMED - CARY HOSPITAL

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

| | 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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI) | 1 Yes | |
| 2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 10 | | |
| 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 Yes | |
| 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 | No |
| 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 <input type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input checked="" type="checkbox"/> Other (describe in Part VI) | 5 Yes | |
| 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in the community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI) | | |
| 7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs | 7 | No |
| 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 250 0000000000000% 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>250 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 <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> 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 <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | |
| 16 | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | 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 <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | |
| d | <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | |
| b | <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | |
| d | <input checked="" type="checkbox"/> 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? 21

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

| Identifier | ReturnReference | Explanation |
|------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART I, LINE 7 CHARITY CARE IS REPORTED AS THE SYSTEM'S CHARITY CARE AT COST MEDICAID COSTS ARE DERIVED FROM OUR COST ACCOUNTING SYSTEM, WHICH ADDRESSES ALL PATIENT SEGMENTS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>PART II WAKEMED IS ACTIVELY INVOLVED IN NOT ONLY IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE BUT IS ALSO SUPPORTIVE OF COMMUNITY BUILDING ACTIVITIES WAKEMED HAS BEGUN EFFORTS TO IMPROVE THE NEIGHBORHOOD AROUND THE HOSPITAL AND ENCOURAGE REDEVELOPMENT AND PHYSICAL IMPROVEMENTS WE ARE BUILDING A COALITION OF LOCAL BUSINESS AND COMMUNITY LEADERS THAT ARE WORKING TO REDUCE CRIME, BEAUTIFY THE AREA, ATTRACT RETAIL BUSINESSES AND RESTAURANTS, AND FOSTER NEW MEDICAL DEVELOPMENT AROUND THE MAIN HOSPITAL CAMPUS IN DOWNTOWN RALEIGH, WHICH IS AN ECONOMICALLY DEPRESSED AREA WE HAVE ALSO INVESTED IN WAKE TECHNICAL COMMUNITY COLLEGE FACILITY GROWTH WHICH IS VITAL TO EDUCATING FUTURE NURSES, RADIOLOGY TECHS, EMERGENCY RESPONSE PERSONNEL AND OTHERS OUR WORKFORCE DEVELOPMENT PROGRAM WORKS WITH YOUTH, HEALTH SCIENCE STUDENTS AND THOSE IN A VARIETY OF HEALTH PROFESSIONS PROGRAMS WITH MENTORING, RESIDENCIES, CLINICAL ROTATIONS, AND EDUCATION ALL WITH THE PURPOSE OF PREPARING FOR THE WORKFORCE OF TOMORROW WE PARTNER WITH NUMEROUS COLLEGES, COMMUNITY COLLEGES AND HIGH SCHOOLS THROUGHOUT THE REGION AND OUR CAMPUS IS HOME TO THE WAKE EARLY COLLEGE HIGH SCHOOL WAKEMED IS ALSO HOME TO WAKE AREA HEALTH EDUCATION CENTER, A PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA WHICH PROVIDES ACCREDITED EDUCATION PROGRAMS TO NURSES, ALLIED HEALTH PROFESSIONALS AND PHYSICIANS THROUGHOUT THE REGION WAKEMED ALSO WORKS CLOSELY WITH THE INVESTMENT OF CASH AND EXPERTISE FOR THE EIGHT MUNICIPALITIES IN OUR COUNTY AND THE WAKE COUNTY ECONOMIC DEVELOPMENT COUNCIL TO ATTRACT NEW JOBS AND GROW INDUSTRY AND BUSINESS A HEALTHY ECONOMY ULTIMATELY LEADS TO THE HEALTHIER COMMUNITY OUR COMMUNITY HEALTH IMPROVEMENT ACTIVITIES ARE NUMEROUS AND INCLUDE BEING THE LEAD AGENCY FOR SAFEKIDS, ADVOCATES FOR HEALTH IN ACTION, ENERGIZE, ASTHMA COALITION, ACTION FOR CHILDREN, CAPITAL CARE COLLABORATIVE AND MORE EACH IS WORKING TO SUPPORT PROGRAMS AND POLICIES THAT IMPROVE PUBLIC HEALTH AND ACCESS TO HEALTH CARE THE OVERALL GOAL IS TO MAKE OUR COMMUNITY A HEALTHIER PLACE TO LIVE AND WORK</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART III, LINE 4 THE AMOUNT REPORTED IN PART III, LINE 2 IS THE SYSTEM BAD DEBT AT COST CHARITY AND BAD DEBT ACCOUNTS ARE RECORDED AT CURRENT ACCOUNT BALANCE LEVELS THE BALANCE MAY BE NET OF CONTRACTUAL ALLOWANCES AND/OR PAYMENTS RECEIVED FOR EXAMPLE, BAD DEBT OR CHARITY RESULTING FROM AN UNPAID PATIENT LIABILITY AFTER INSURANCE IS RECORDED AT THE AMOUNT UNPAID BY THE PATIENT THE TEXT OF THE FOOTNOTE TO WAKEMED'S FINANCIAL STATEMENTS REGARDING BAD DEBT EXPENSE IS AS FOLLOWS "WAKEMED HAS PRESENTED ITS PROVISION FOR UNCOLLECTIBLE ACCOUNTS AS A DIRECT REDUCTION OF PATIENT SERVICE REVENUE IN ACCORDANCE WITH THE AICPA AUDIT GUIDE FOR HEALTH CARE ORGANIZATIONS BASED ON THE MOST RECENT UPDATE OF THE AUDIT GUIDE'S INTERPRETATIONS OF THE REQUIREMENTS OF GASB STATEMENT NO 34, GOVERNMENTAL HEALTH CARE ORGANIZATIONS ARE REQUIRED TO PRESENT UNCOLLECTIBLE ACCOUNTS AS A COMPONENT OF NET PATIENT SERVICE REVENUE RATHER THAN WITHIN OPERATING EXPENSES " |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART III, LINE 8 THE MEDICARE ALLOWABLE COSTS WERE DETERMINED FROM THE MEDICARE COST REPORT, AS SPECIFIED IN THE PROVIDER REIMBURSEMENT MANUAL WAKEMED BELIEVES THAT ALL OF THE \$12,827,419 MEDICARE SHORTFALL SHOULD BE CONSIDERED AS COMMUNITY BENEFIT THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS MEDICARE SHORTFALLS MUST BE ABSORBED BY THE WAKEMED HOSPITALS IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITY THIS YEAR, MEDICARE ACCOUNTED FOR 41% OF HOSPITAL REVENUES THE HOSPITAL PROVIDES CARE REGARDLESS OF THIS SHORTFALL AND THEREBY RELIEVES THE FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST FOR MEDICARE BENEFICIARIES |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART III, LINE 9B THE WAKEMED COLLECTIONS POLICY APPLIES TO ALL PATIENTS ONCE AN ACCOUNT BALANCE IS DETERMINED TO BE PATIENT LIABILITY, A LETTER IS SENT TO THE PATIENT REQUESTING PAYMENT ON THE BALANCE OF THE ACCOUNT IF NO PAYMENT OR RESPONSE IS RECEIVED WITHIN 40 DAYS (35 DAY DUE DATE PLUS 5 DAYS FOR LATE PAYMENT), A SECOND NOTICE IS MAILED REQUESTING PAYMENT (SAME 40 DAY BILLING CYCLE AS THE FIRST NOTICE) AT DAY 81, A THIRD NOTICE IS ISSUED (SAME 40 DAY BILLING CYCLE AS THE PREVIOUS NOTICES) ADVISING THE DEBTOR THAT THE ACCOUNT IS SERIOUSLY PAST DUE AND COULD BE REFERRED FOR MORE SERIOUS COLLECTION ACTIVITY NON-COMPLIANT ACCOUNTS ARE REFERRED TO A COLLECTION AGENCY ON OR AROUND 121 DAYS |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---------------------------------------------------------------------------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 3 WAKEMED PARTICIPATED IN WAKE COUNTY'S COMMUNITY HEALTH NEEDS ASSESSMENT |

| Identifier | ReturnReference | Explanation |
|-------------------------|-----------------|---------------------------------------------------------------------------------------------------|
| WAKEMED - CARY HOSPITAL | | PART V, SECTION B, LINE 3 WAKEMED PARTICIPATED IN WAKE COUNTY'S COMMUNITY HEALTH NEEDS ASSESSMENT |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---------------------------------------------------------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 5C THE ASSESSMENT IS ALSO AVAILABLE THROUGH WAKE COUNTY |

| Identifier | ReturnReference | Explanation |
|-------------------------|-----------------|---------------------------------------------------------------------------------|
| WAKEMED - CARY HOSPITAL | | PART V, SECTION B, LINE 5C THE ASSESSMENT IS ALSO AVAILABLE THROUGH WAKE COUNTY |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 17E N/A |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 18C N/A |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 18D N/A |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|--------------------------------|
| WAKEMED - RALEIGH CAMPUS | | PART V, SECTION B, LINE 20 N/A |

| Identifier | ReturnReference | Explanation |
|-------------------------|-----------------|--------------------------------|
| WAKEMED - CARY HOSPITAL | | PART V, SECTION B, LINE 20 N/A |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART VI, LINE 2 THE COMMUNITY NEEDS ASSESMENT IS A PROCESS THAT HELPS TO IDENTIFY FACTORS AFFECTING OUR COUNTY, DETERMINE RESOURCES NEEDED TO ADDRESS THESE FACTORS, AND DEVELOP A PLAN OF ACTION TO ADDRESS THE NEEDS OF THE COMMUNITIES WE SERVE FOR THIS PERIOD, WAKEMED USED THE WAKE COUNTY HEALTH AND HUMAN SERVICES ASSESSMENT COMPLETED IN DECEMBER 2010 IN ADDITION TO THIS PRIMARY DATA, WAKEMED'S PLANNING DEPARTMENT COLLECTS AND ANALYZES MULTIPLE OTHER SOURCES OF SECONDARY DATA WHICH HELPS US UNDERSTAND DEMOGRAPHIC, SOCIOGRAPHIC, AND HEALTH TRENDS THE 2010 ASSESSMENT DATA WAS COLLECTED VIA PAPER SURVEY, DOOR TO DOOR VISITS, AND FOCUS GROUPS WAKE COUNTY WORKED WITH THE NORTH CAROLINA INSTITUTE FOR PUBLIC HEALTH IN THE GILLINGS SCHOOL OF GLOBAL PUBLIC HEALTH TO COLLECT AND ANALYZE DATA WAKEMED HAD REPRESENTATION ON THE STEERING COMMITTEE AND USED THE RESULTS TO GUIDE THE COMMUNITY BENEFIT PLANNING PROCESS A 2013 ASSESSMENT IS A COLLABORATIVE EFFORT OF ALL HEALTH SYSTEMS IN OUR COUNTY AND WILL BE COMPLETED IN JUNE 2013 |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>PART VI, LINE 3 WAKEMED POSTS THE REQUIRED EMTALA NOTICE AT ALL PORTALS OF ENTRY WHERE AN EMERGENCY DEPARTMENT IS PRESENT THE SIGNAGE NOTES THAT WAKEMED PARTICIPATES IN THE MEDICAID PROGRAM THE WAKEMED WEBSITE PROVIDES DETAILED INFORMATION REGARDING FINANCIAL ASSISTANCE AND CHARITY CARE THE PATIENT BILLING AND FINANCIAL INFORMATION POLICY IS INCLUDED IN ALL INPATIENTS "MY IMPORTANT PAPERS" FOLDERS AND IS ADDRESSED IN THE PATIENT INFORMATION GUIDE AVAILABLE IN ALL INPATIENT ROOMS IN ADDITION, THE FINANCIAL ASSISTANCE FORM IS LOCATED ON THE WEBSITE FOR ANY PATIENT TO COMPLETE AND SUBMIT AS PART OF THE INTAKE PROCESS/REGISTRATION FOR ALL PATIENTS, WAKEMED PROVIDES A COPY OF THE PATIENT BILLING AND FINANCIAL INFORMATION POLICY, WHICH REFERS PATIENTS TO PATIENT FINANCIAL SERVICES IF THEY HAVE CONCERNS REGARDING THEIR ABILITY TO PAY THE BILL ALL INPATIENTS AND PATIENTS SCHEDULED FOR SELECTED OUTPATIENT PROCEDURES, AND WHO ARE DESIGNATION "UNINSURED" AT THE TIME OF ADMISSION, ARE CONTACTED PERSONALLY BY A FINANCIAL COUNSELOR IN ADDITION, ANY PATIENT, REGARDLESS OF INSURANCE COVERAGE, MAY REQUEST TO SEE A FINANCIAL COUNSELOR THE FINANCIAL COUNSELOR WILL ASSESS POSSIBLE MEDICAID ELIGIBILITY AND PROVIDE AN APPLICATION/FINANCIAL STATEMENT THAT IS SUBMITTED TO PATIENT FINANCIAL SERVICES TO REQUEST ASSISTANCE WITH MEDICAL EXPENSES WAKEMED ALSO HAS ON-SITE EMPLOYEES FROM WAKE COUNTY HUMAN SERVICES TO PROCESS MEDICAID APPLICATIONS FOR RESIDENTS OF WAKE COUNTY ANY PATIENT WHO IS UNINSURED AND MAY BE ELIGIBLE FOR DISABILITY IS REFERRED TO A WAKEMED DISABILITY SPECIALIST WHO WILL ASSIST WITH THE APPLICATION WAKEMED INCLUDES INFORMATION REGARDING FINANCIAL ASSISTANCE IN ALL PATIENT BILLING STATEMENTS</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | PART VI, LINE 4 WHILE WAKEMED SERVES PATIENTS FROM ALL OF NORTH CAROLINA'S 100 COUNTIES AND BEYOND, ITS PRIMARILY SERVICE AREA CAN BEST BE DESCRIBED AS THE COUNTIES CONTINGUOUS TO WAKE COUNTY THE VAST MAJORITY OF PATIENTS COME FROM WAKE AND JOHNSTON COUNTIES BOTH COUNTIES HAVE RAPIDLY GROWING SMALLER/SUBURBAN COMMUNITIES CENTERED AROUND TEH CAPITAL CITY OF RALEIGH THESE COMMUNITIES LOOK TO RALEIGH AS THEIR PRIMARY SOURCE FOR TERTIARY LEVEL CARE THE MARKET IS DEMOGRAPHICALLY DIVERSE AND FIERCELY COMPETITIVE - THE ONLY MARKET IN THE STATE WITH THREE MAJOR HEALTH SYSTEMS COMPETING AGAINST ONE ANOTHER WAKEMED SHOULDERS THE VAST MAJORITY OF THE CHARITY CARE IN THE MARKET, OFTEN EXCEEDING 80% OF THE BURDEN |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>PART VI, LINE 5 SINCE OPENING IN 1961, WAKEMED HAS BEEN AN INSTITUTION WITH AN UNWAVERING COMMITMENT TO THE COMMUNITITES IT SERVES BY IMPROVING THE HEALTH OF THE INDIVIDUALS AND FAMILIES WE SERVE TODAY, WAKEMED OFFERS A BROAD RANGE OF PREVENTATIVE, PRIMARY, ACUTE AND TERTIARY SERVICES AS WAKE COUNTY'S LARGEST PRIVATE EMPLOYER AND A CORNERSTONE OF THE COMMUNITY, WAKEMED IS AN ASSET RESIDENTS CAN DEPEND ON NOT ONLY FOR THE HIGHEST QUALITY OF HEALTH CARE INSIDE THE HOSPITAL AND OUTPATIENT FACILITIES, BUT FOR COMMUNITY OUTREACH IN THE FORM OF SCREENINGS, CLASSES, SEMINARS, HEALTH FAIRS, PREVENTIVE PROGRAMS, SUPPORT GROUPS AND OTHER OUTREACH INITIATIVES THE MAJORITY OF THE PROGRAMS ARE FREE AND ALL ARE DESIGNED TO IMPROVDE HEALTH, EDUCATE AND ENLIGHTEN BY OFFERING ACCESS TO EXPERTS, RESOURCES, AND HEALTH INFORMATION IN ADDITION, OUR 1000 PERSON MEDICAL STAFF IS OPEN AND COMPRISED PRIMARILY OF INDEPENDENT PRACTITIONERS, ALTHOUGH THE NUMBER OF EMPLOYED PHYSICIANS IS GROWING AND NOW TOTALS MORE THAN 200 PHYSICIANS EACH YEAR WE SERVE, SUPPORT AND WORK CLOSELY WITH THE COMMUNITY IN MANY WAYS WE ABSORB THE HEALTH CARE COSTS OF THOSE WHO COME TO US UNABLE TO PAY FOR THEIR CARE WE EDUCATE AND TRAIN PHYSICIANS THAT ARE CAREGIVERS WE DEVELOP NEW SERVIES AND INITIATIVES TO ENHANCE ACCESS AND MEET THE NEEDS OF THE UNDERSERVED WE PARTNER WITH A VARIETY OF COMMUNITY-BASED ORGANIZATIONS TO DEVELOP PROGRAMS THAT ANSWER A SPECIFIC COMMUNITY HEALTH NEED WE PROVIDE DONATIONS TO COMMUNITY CHARITIES AND ORGANIATIONS WHOSE GOALS SUPPORT OUR MISSION FINALLY, WE OFFER A HOST OF COMMUNITY OUTREACH AND EDUCATION PROGRAMS TARGETED TO THE UNDERSERVED AND AT-RISK POPULATIONS FOR CARDIOVASCULAR DISEASE, DIABETES, STROKE AND AVOIDABLE INJURIES, AMONG OTHERS BEYOND THE CARE CURRENTLY PROVIDED WITHIN OUR FACILITIES, WAKEMED CONTINUES TO DEVELOP PROGRAMS AND SERVICES IN THOSE AREAS WHICH ARE UNDERSERVED AND ARE GROWING ACCESS TO PRIMARY CARE PROVIDERS IS A CRITICAL NEED AS A RESULT, WE ARE EXPANDING OUR NETWORK OF PRIMARY CARE PROVIDERS WHO SERVE COMMUNITY RESIDENTS, REGARDLESS OF THEIR ABILITY TO PAY WAKEMED HELPS IMPROVE THE HEALTH OF THE COMMUNITY BY OUTREACH THAT TAKES ON MANY FORMS FROM THE DIRECT PROVISION OF CARE TO MENTORING AT-RISK YOUTH</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | PART VI, LINE 7 | WAKEMED PUBLISHES A COMMUNITY BENEFIT REPORT EACH YEAR. IT IS AVAILABLE IN PRINT FORM AS WELL AS ON THE WAKEMED WEBSITE. WAKEMED ALSO VOLUNTARILY FILES A COMMUNITY BENEFIT REPORT WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION. |

Additional Data

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

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

[illegible]

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

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <div>Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility</div> <div>(list in order of size from largest to smallest)</div> <div>How many non-hospital facilities did the organization operate during the tax year? <u>21</u></div> <div>Name and address</div> | <div>Type of Facility (Describe)</div> |
| <div>WAKEMED NORTH HEALTHPLEX</div> <div>10000 FALLS OF THE NEUSE RD</div> <div>RALEIGH, NC 27614</div> | <div>EMERGENCY DEPARTMENT AND O/P AMBULATORY SURGERY CENTER</div> |

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
WAKEMED

Employer identification number
56-6017737

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|----------------------------------------------------|---------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| See Additional Data Table | | | | | | | |
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| | | | | | | | |

2

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

26

3

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

5

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 |
|--------------------------------|-------------------------|-------------------------|----------------------------------|------------------------------------------------------|---------------------------------------|
| (1) PRESCRIPTION DRUGS | 8389 | | 55,458 | COST | PRESCRIPTION DRUGS TO INDIGENT |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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 ALL GRANT/FUNDING MUST BE MADE IN WRITING AND FREQUENT MEETINGS ARE HELD WITH REQUESTING ORGANIZATION TO ENSURE THE REQUESTS ARE IN ACCORDANCE WITH OUR GOALS AND GUIDELINES RELATED TO DONATIONS AND SPONSORSHIPS THEY MUST ALSO HAVE A DIRECT CONNECTION TO COMMUNITY NEED, A CORRELATION TO WAKEMED'S MISSION AND MUST BE A 501(C)(3) ORGANIZATION ALL DONATIONS ARE COORDINATED THROUGH ONE DEPARTMENT AND ARE TRACKED AND LOGGED ON A SPREADSHEET WITH A QUICK REFERENCE TO THE REASON FOR THE GIFT WAKEMED ALSO KEEPS A FILE ON EACH ORGANIZATION AND ALL ASSOCIATED PAPERWORK IN MOST CASES, WE ALSO TRACK HOW THE GIFT IS USED, AND OUTCOMES AND BENEFITS TO THE COMMUNITY IN THE CASE OF LARGE GRANTS, THE ORGANIZATION IS ALSO ASKED FOR A REPORT OF THE RESULTS AND THE IMPACT |

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---------------------------------------------------------------|------------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| ALLIANCE MEDICAL MINISTRY101 DONALD ROSS DR RALEIGH, NC 27610 | 56-2168673 | 501(C)(3) | 380,219 | | | | MEDICAL CARE |
| DEBNAM CLINIC 524 BLOUNT ST RALEIGH, NC 27601 | 56-1977593 | | 300,000 | | | | MEDICAL CARE |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|--------------------------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| WAKE COUNTY HUMAN SERVICES 2500 BLUE RIDGE RD RALEIGH, NC 27607 | | GOV'T | 310,017 | | | | MEDICAL CARE |
| AMERICAN HEART ASSOCIATION4217 PARK PL CT GLEN ALLEN, VA 23060 | 13- 5613797 | 501(C)(3) | 17,500 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|------------------------------------------------------|------------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| AMERICAN RED CROSS100 N PEARTREE LN RALEIGH,NC 27610 | 53-0196605 | 501(C)(3) | 10,000 | | | | GENERAL SUPPORT |
| ARTSPLOSURE313 S BLOUNT ST RALEIGH,NC 27601 | 58-1387567 | 501(C)(3) | 7,500 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| BOYS & GIRLS CLUB701 N RALEIGH BLVD RALEIGH, NC 27610 | 56-0863051 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |
| INTERACT1012 OBERLIN RD 100 RALEIGH, NC 27605 | 58-1320613 | 501(C)(3) | 107,500 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| INTERFAITH FOOD SHUTTLEPO BOX 40156 RALEIGH, NC 27629 | 56-1753180 | 501(C)(3) | 6,000 | 10,787 | FMV | FOOD | GENERAL SUPPORT |
| MARBLES KIDS MUSEUM201 EAST HARGETT ST RALEIGH, NC 27601 | 58-1647538 | 501(C)(3) | 11,250 | | FMV | MONITOR | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---------------------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| NC PHYSICIANS HEALTH PROGRAM INC200 HORIZON DR 201 RALEIGH,NC 27615 | 56-1846599 | 501(C)(3) | 13,200 | | | | GENERAL SUPPORT |
| NC SPINAL CORD INJURY ASSOCIATION2039 ROYCE DR MEBANE,NC 27302 | 51-0491208 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-------------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| UNC CENTER FOR PUBLIC TVPO BOX 14900 RTP, NC 27709 | | GOV'T | 40,000 | | | | GENERAL SUPPORT |
| WAKE EDUCATIONAL PARTNERSHIP706 HILLSBOROUGH ST RALEIGH, NC 27603 | 58-1518182 | 501(C)(3) | 10,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|----------------------------------------------------------------------------|------------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| BENSON AREA MEDICAL CENTER PO BOX 299 BENSON,NC 27504 | 56-1181412 | 501(C)(3) | 5,000 | | | | MEDICAL CARE |
| CAPITAL AREA SOCCER LEAGUE 3300 WOMENS CLUB DR 1 RALEIGH,NC 27605 | 23-7441292 | 503(C)(3) | 10,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|--------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| CARY VISUAL ART PO BOX 4322 CARY, NC 27519 | 56-2023686 | 503(C)(3) | 10,000 | | | | GENERAL SUPPORT |
| FOUNDATION FOR HOPE9401 GLENWOOD AVE RALEIGH, NC 27617 | 56-6246626 | 501(C)(3) | 10,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|----------------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| FRIEND OF NC MUSEUM OF NATURAL SCIENCEPO BOX 26928 RALEIGH, NC 27601 | 56-1240806 | 501(C)(3) | 25,000 | | | | GENERAL SUPPORT |
| GIRL SCOUTS - NC COASTAL PINES PINECREST RD RALEIGH, NC 27613 | 56-0791500 | 501(C)(3) | 8,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|------------------------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| WAKE COUNTY MEDICAL SOCIETY 2500 BLUE RIDGE RD RALEIGH, NC 27601 | 56-2205175 | 501(C)(3) | 195,200 | | | | GENERAL SUPPORT |
| NC STATE UNIV FOUNDATIONPO BOX 7006 RALEIGH, NC 27695 | | GOV'T | 13,550 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-------------------------------------------------------------------------|----------------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| NC SYMPHONY3700 GLENWOOD AVENUE 130 RALEIGH, NC 27605 | 56- 0556755 | 501(C)(3) | 15,000 | | | | GENERAL SUPPORT |
| NCSU ENGINEERING FOUNDATION911 OVAL DR RALEIGH, NC 27695 | 56- 6049503 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| NORTH CAROLINA THEATRE1 EAST SOUTH ST RALEIGH,NC 27601 | 56-1072874 | 501(C)(3) | 20,000 | | | | GENERAL SUPPORT |
| BOY SCOUTS- OCCONEECHEE3231 ATLANTIC AVE RALEIGH,NC 27629 | 56-0529984 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| SAFECHILD864 W MORGAN ST RALEIGH, NC 27603 | 56-1817816 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |
| THEATRE IN THE PARK107 PULLEN RD RALEIGH, NC 27607 | 56-0942052 | 501(C)(3) | 10,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------------|----------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| URBAN MINISTRIES1390 CAPITAL BLVD RALEIGH, NC 27603 | 51-1422700 | 501(C)(3) | 10,000 | | | | MEDICAL CARE |
| USO OF NCPO BOX 91536 RALEIGH, NC 27675 | 56-0532315 | 501(C)(3) | 5,000 | | | | GENERAL SUPPORT |

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|-----------------------------------------------------|---------|------------------------------------|--------------------------|-----------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------|
| WAKE EARLY COLLEGE2901 HOLSTON LN RALEIGH, NC 27610 | | GOV'T | 6,763 | | | | GENERAL SUPPORT |

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
WAKEMED

Employer identification number
56-6017737

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 | | |
| | <div><div><input type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div> | | |
| 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 | | No |
| 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? | 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 | | |
| | <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div> | | |
| 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? | | No |
| b | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | Yes | |
| c | Participate in, or receive payment from, an equity-based compensation arrangement? | | 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? | | No |
| b | Any related organization? | | 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? | | No |
| b | Any related organization? | | 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 | Yes | |
| 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 | | No |
| 9 | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | | |

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.

[illegible]

Part IIISupplemental 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 | TAX INDEMNIFICATION, GROSS-UP, TRAVEL FOR COMPANIONS AND HOUSING ALLOWANCE ARE PAID TO SOME KEY EMPLOYEES. GROSS-UP AND HOUSING ALLOWANCE ARE INCLUDED IN TAXABLE COMPENSATION. |
| | PART I, LINE 1B | CEO BENEFITS REQUIRING GROSS-UP ARE COVERED BY HIS EMPLOYMENT AGREEMENT; ANY ADDITIONAL ONES ARE APPROVED BY THE BOARD OF DIRECTORS. CEO TRAVEL FOR SPOUSE IS INCLUDED IN HIS EMPLOYMENT CONTRACT. |
| | PART I, LINE 4B | WILLIAM K. ATKINSON \$46,172, MICHAEL DEVAUGHN \$21,797, KATHLEEN GORMLEY \$23,759, THOMAS GETTINGER \$25,787, DAVID COULTER \$17,702, JEANENE MARTIN \$13,010, E. DENTON ARLEDGE \$12,148, THOMAS CAVENDER \$11,143, CAROLYN KNAUP \$9,686, BETSY GASKINS-MCCLAIN \$10,308, GEORGIA SUMIEL \$8,745, JONATHAN CHAPPELL \$34,420, GURVINDER DEOL \$32,359, JD PHILLIPS \$31,430, TIMOTHY HARRIS \$31,068, AND BRIAN GO \$29,640. |
| | PART I, LINE 7 | THE ORGANIZATION HAS INCENTIVE-BASED PROGRAMS THAT ARE DRIVEN BY ACCOMPLISHING TARGETS ASSOCIATED WITH QUALITY OF CARE, FOR DISCHARGE INSTRUCTIONS, PATIENT SATISFACTION, AND MINIMUM OPERATING MARGIN. WE ALSO HAVE IMPLEMENTED A DEFERRED COMPENSATION PLAN FOR PHYSICIANS AND EXECUTIVES WHICH IS BASED ON WHETHER CERTAIN FISCAL AND PERSONAL PERFORMANCE GOALS ARE MET. |

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) 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 compensation | | | | |
| WILLIAM K ATKINSON PHD | (i) | 785,687 | 350,448 | 14,679 | 293,659 | 20,108 | 1,464,581 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MICHAEL DEVAUGHN | (i) | 392,023 | 136,866 | 16,113 | 21,797 | 8,323 | 575,122 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THOMAS GETTINGER | (i) | 412,426 | 161,631 | 61,535 | 33,137 | 22,407 | 691,136 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KATHLEEN K GORMLEY | (i) | 427,672 | 145,721 | 16,330 | 31,109 | 14,279 | 635,111 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAVID C COULTER | (i) | 351,668 | 67,510 | 21,566 | 25,051 | 17,336 | 483,131 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JEANENE R MARTIN | (i) | 255,485 | 48,920 | 14,939 | 20,360 | 14,595 | 354,299 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| E DENTON ARLEDGE | (i) | 271,826 | 23,212 | 4,078 | 19,497 | 20,928 | 339,541 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THOMAS G CAVENDER | (i) | 242,966 | 20,641 | 16,612 | 18,493 | 1,256 | 299,968 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAROLYN KNAUP | (i) | 203,018 | 17,295 | 14,639 | 16,951 | 19,828 | 271,731 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BETSY GASKINS- MCCLAIN | (i) | 232,688 | 19,752 | 518 | 17,447 | 14,266 | 284,671 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GEORGIA C SUMIEL | (i) | 197,658 | 16,743 | 636 | 15,304 | 12,112 | 242,453 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CYNTHIA ALNESS- BOILY | (i) | 155,249 | 19,440 | 30,895 | 4,946 | 9,436 | 219,966 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TIMOTHY E HARRIS | (i) | 488,135 | 281,441 | 499 | 38,418 | 19,378 | 827,871 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JOHNATHAN D CHAPPELL | (i) | 348,402 | 506,224 | 270 | 41,770 | 13,586 | 910,252 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GURVINDER S DEOL | (i) | 294,302 | 507,097 | 1,021 | 39,709 | 19,051 | 861,180 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JD PHILLIPS | (i) | 566,504 | 211,654 | 3,036 | 38,780 | 19,269 | 839,243 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BRIAN GO | (i) | 422,119 | 309,069 | 1,692 | 36,990 | 18,010 | 787,880 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THOMAS H FETZER JR | (i) | 0 | 0 | 120,000 | 0 | 0 | 120,000 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Schedule K (Form 990) <small>Department of the Treasury Internal Revenue Service</small> | <div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.</div> | OMB No 1545-0047 |
| | | 2011 |
| | | Open to Public Inspection |

| | |
|-------------------------------------|----------------------------------------------|
| Name of the organization WAKEMED | Employer identification number 56-6017737 |
|-------------------------------------|----------------------------------------------|

Part I

Bond Issues

| (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
|------------------------------|----------------|-------------|-----------------|-----------------|----------------------------|--------------|----|-------------------------|----|--------------------|----|
| | | | | | | Yes | No | Yes | No | Yes | No |
| A NC MEDICAL CARE COMMISSION | 52-1309402 | 65821DLY6 | 07-11-2012 | 315,717,962 | SEE PART VI | | X | | X | | X |
| B NC MEDICAL CARE COMMISSION | 52-1309402 | 65821DCS8 | 02-26-2009 | 75,000,000 | SEE PART VI | | X | | X | | X |
| C NC MEDICAL CARE COMMISSION | 52-1309402 | 65821DCW9 | 07-16-2009 | 81,780,000 | SEE PART VI | | X | | X | | X |

Part II

Proceeds

| | | A | B | C | D |
|----|--------------------------------------------------------------------------------------------------------|-------------|------------|------------|----|
| 1 | Amount of bonds retired | | | 7,365,000 | |
| 2 | Amount of bonds defeased | | | | |
| 3 | Total proceeds of issue | 315,718,018 | 75,249,667 | 81,780,000 | |
| 4 | Gross proceeds in reserve funds | | | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | 172,556,427 | | | |
| 7 | Issuance costs from proceeds | 2,973,535 | 835,544 | 817,125 | |
| 8 | Credit enhancement from proceeds | | 37,919 | 41,347 | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | | 74,376,204 | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2010 | | 2012 | |
| | | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | X | | X | |
| 15 | Were the bonds issued as part of an advance refunding issue? | X | | | X |
| 16 | Has the final allocation of proceeds been made? | X | | X | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | X | |

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

| | | A | | B | | C | | D | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use? | X | | X | | | X | | |
| b | If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | X | | X | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | X | | X | | |
| d | If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government | 0 % | | 0 % | | 0 % | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government | 0 % | | 0 % | | 0 % | | | |
| 6 | Total of lines 4 and 5 | 0 % | | 0 % | | 0 % | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | X | | X | | X | | | |

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|--------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SCHEDULE K PART 1, B (F) | DESCRIPTION OF PURPOSE | FINANCING (A) COSTS OF CONTRUCTING, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING WAKEMED CARY 2-STORY VERTICAL EXPANSION, 10-BED LABOR AND DELIVERY UNIT EXPANSION AND PARKING DECK, WAKE-MED RALEIGH 4-STORY PATIENT TOWER, PARKING DECK FOR VISITORS AND PATIENTS, EMPLOYEE PARKING DECK PORTIONS OF REHABILITATION HOSPITAL FOR INPATIENT BEDS, THE FIRST FLOOR OF MAIN HOSPITAL FOR 25 OBSERVATION BED UNIT AND RELATED AND OTHER EQUIPMENT, (B) INITIAL COSTS FOR A CREDIT FACILITY FOR THE BONDS, AND (C) ISSUANCE COSTS |
| SCHEDULE K PART 1, C (F) | DESCRIPTION OF PURPOSE | FINANCING (A) COSTS OF CURRENTLY REFUNDING ALL OUTSTANDING SERIES 1997 BONDS ISSUED ON APRIL 1, 1997 THE SERIES 1997 BONDS WERE ISSUED TO REFUND ALL OF SERIES 1993 AND 1988 BONDS WHICH WERE ISSUED TO FINANCE COSTS OF CONSTRUCTING, EXPANDING, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING CONSTRUCTION OF WAKEMED CARY HOSPITAL, TWO-STORY ADDITION TO THE WAKEMED MAIN CAMPUS, 45-BED REHABILITATION HOSIPITAL AND RELATED AND OTHER EQUIPMENT, AND (B) ISSUANCE COSTS |
| SCHEDULE K PART 1, A (F) | DESCRIPTION OF PURPOSE | THE SERIES 2012A BONDS WERE ISSUED TO REFUND ALL OF SERIES 2001 AND THE 2009A BONDS AND PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE AND SALE OF THE 2012A BONDS THE PROCEEDS OF THE REFUNDED 2001 BONDS AND THE REFUNDED 2009A BONDS WERE USED TO FINANCE THE COSTS OF VARIOUS IMPROVEMENTS TO THE CORPORATION'S HEALTH CARE FACILITIES |
| SCHEDULE K PART II, 3 | | TOTAL PROCEEDS INCLUDE INVESTMENT EARNINGS |

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
WAKEMED

Employer identification number

56-6017737

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) TOM FETZER | FORMER BOARD MEMBER | 120,000 | CONSULTING SERVICES | | 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 M
(Form 990)

NonCash Contributions

OMB No 1545-0047

2011

Open to Public Inspection

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

Department of the Treasury
Internal Revenue Service

Name of the organization
WAKEMED

Employer identification number
56-6017737

Part I Types of Property

| | (a) Check if applicable | (b) Number of Contributions or items contributed | (c) Contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining contribution amounts |
|----------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------|
| 1 Art—Works of art | | | | |
| 2 Art—Historical treasures | | | | |
| 3 Art—Fractional interests | | | | |
| 4 Books and publications | | | | |
| 5 Clothing and household goods | | | | |
| 6 Cars and other vehicles | | | | |
| 7 Boats and planes | | | | |
| 8 Intellectual property | | | | |
| 9 Securities—Publicly traded | | | | |
| 10 Securities—Closely held stock | | | | |
| 11 Securities—Partnership, LLC, or trust interests | | | | |
| 12 Securities—Miscellaneous | | | | |
| 13 Qualified conservation contribution—Historic structures | | | | |
| 14 Qualified conservation contribution—Other | | | | |
| 15 Real estate—Residential | | | | |
| 16 Real estate—Commercial | | | | |
| 17 Real estate—Other | | | | |
| 18 Collectibles | | | | |
| 19 Food inventory | | | | |
| 20 Drugs and medical supplies | | | | |
| 21 Taxidermy | | | | |
| 22 Historical artifacts | | | | |
| 23 Scientific specimens | | | | |
| 24 Archeological artifacts | | | | |
| REGIONAL INVENTORY TRACKING | | | | |
| 25 Other ► (SYSTEM) | X | 1 | 62,013 | FMV |
| 26 Other ► () | | | | |
| 27 Other ► () | | | | |
| 28 Other ► () | | | | |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

No

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?

32a

Yes

No

b If "Yes," describe in Part II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

Part III

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

| 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 WAKEMED | Employer identification number 56-6017737 |
|-------------------------------------|----------------------------------------------|

| Identifier | Return Reference | Explanation |
|----------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | FORM 990, PART VI, SECTION A, LINE 7A | EIGHT MEMBERS OF THE BOARD ARE APPOINTED TO THE BOARD OF DIRECTORS BY WAKE COUNTY |
| | FORM 990, PART VI, SECTION A, LINE 7B | THE WAKE COUNTY BOARD OF COMMISSIONERS HOLDS LIMITED APPROVAL OVER SOME GOVERNING BODY DECISIONS PERTAINING TO ARTICLES V, VI, VII AND IX IN THE ARTICLES OF INCORPORATION. THE TRANSFER AGREEMENT WITH WAKE COUNTY INDICATES APPROVAL/CONSENT FOR TRANSACTIONS PERTAINING TO SUBSTANTIAL DISPOSITION OF ASSETS AND COVENANTS ON LIENS |
| | FORM 990, PART VI, SECTION B, LINE 11 | THE ENTIRE 990 AND ASSOCIATED SCHEDULES ARE REVIEWED BY THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS TO ACKNOWLEDGE THEY HAVE REVIEWED FORMS AND SCHEDULES AND THEN RECOMMEND APPROVAL TO THE BOARD. A FINAL COPY IS PROVIDED TO THE WAKEMED BOARD BEFORE FILING. |
| | FORM 990, PART VI, SECTION B, LINE 12C | THE ORGANIZATION MONITORS AND ENFORCES THE CONFLICT OF INTEREST POLICY IN VARIOUS WAYS. EACH YEAR, MEMBERS OF THE BOARD, COMMITTEES WITH BOARD DELEGATED POWERS, CEO, CORPORATE STAFF, EXECUTIVE STAFF, DIRECTORS, AND MANAGERS ARE REQUIRED TO COMPLETE AND SUBMIT A CONFLICT OF INTEREST QUESTIONNAIRE. THOSE INDIVIDUALS ARE REQUIRED TO PROVIDE WRITTEN DOCUMENTATION OF ANY POTENTIAL CONFLICT OF INTEREST, IDENTIFYING MATERIAL FINANCIAL INTEREST/PERSONAL CONFLICTS OF INTEREST. REMEDIAL MEASURES IMPLEMENTED TO ADDRESS CONFLICTS OF INTEREST INCLUDE ABSTENTION FROM VOTING ON CERTAIN ISSUES AS WELL AS RECUSAL FROM THE DECISION-MAKING PROCESS AND PARTICIPATION INVOLVING THE IDENTIFIED ISSUE/AREA. THE CODE OF CONDUCT PROVIDES GUIDANCE ON GIFTS AND TRAVEL. GIFTS SHOULD NOT BE ACCEPTED AND PRIOR TO ANY TRAVEL/LODGING PAID FOR BY A THIRD PARTY, WRITTEN APPROVAL MUST BE OBTAINED FROM AN EXECUTIVE VICE PRESIDENT. ALSO, EMPLOYEES WHO OWN OR WORK IN A PRIVATE BUSINESS OUTSIDE OF WAKEMED ARE NOT ALLOWED TO RECRUIT OR PROMOTE THEIR PRODUCTS AND SERVICES DURING WORK HOURS OR THROUGH WAKEMED PRINTED MATERIALS. |
| | FORM 990, PART VI, SECTION B, LINE 15A | REVIEW OF THE COMPENSATION FOR THE CEO, OFFICERS AND KEY EMPLOYEES IS DONE REGULARLY BY THE HUMAN RESOURCE DEPARTMENT. THE FACILITY REGULARLY USES AN INDEPENDENT CONSULTING FIRM AS A SOURCE OF COMPENSATION INFORMATION, BENCHMARKING AND REVIEW TO ENSURE CONSISTENT AND FAIR COMPENSATION PRACTICES. THE CEO'S COMPENSATION IS APPROVED BY THE BOARD. |
| | FORM 990, PART VI, SECTION C, LINE 19 | THE 990 IS AVAILABLE BY REQUEST AND IS PUBLISHED ON GUIDESTAR. FINANCIAL STATEMENTS ARE PUBLICALLY AVAILABLE THROUGH THE MEDICAL CARE COMMISSION AS IT RELATES TO TAX-EXEMPT DEBT. THE ANNUAL AUDITED FINANCIAL STATEMENTS AND TRANSFER AGREEMENT ARE PROVIDED EACH YEAR TO WAKE COUNTY COMMISSIONERS AND BECOME PUBLIC INFORMATION. ARTICLES OF INCORPORATION ARE AVAILABLE ON NC SECRETARY OF STATE WEBSITE. |
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | VARIOUS BOOK-TO-TAX DIFFERENCES 57,165,019. TOTAL TO FORM 990, PART XI, LINE 5: 57,165,019. |
| | FORM 990, PART XII, LINE 2C | THE PROCESS HAS NOT CHANGED FROM PRIOR YEAR. |
| FACILITY INFORMATION | SCHEDULE H, PAGE 3, PART V | PART V LISTS THOSE FACILITIES SEPARATELY LICENSED AND/OR REGISTERED UNDER STATE LAW. IT IS NOT A COMPLETE LISTING OF ALL SITES WHERE SERVICES ARE PROVIDED. THE COMPLETE LISTING CAN BE FOUND ON WAKEMED.ORG. |
| DOING BUSINESS AS | FORM 990, PAGE 1, BOX C | LEGAL ENTITY NAME WAKEMED. LEGAL ENTITY EIN 56-6017737. DBA NAME(S): 1. WAKE MEDICAL CENTER 2. WESTERN WAKE HOSPITAL 3. NORTHERN WAKE HOSPITAL 4. WAKE HEART CENTER 5. WESTERN WAKE MEDICAL CENTER 6. WAKE REHABILITATION HOSPITAL 7. WAKE AREA HEALTH EDUCATION CENTER 8. WAKE AHEC 9. EASTERN WAKE DAY HOSPITAL AND SKILLED NURSING FACILITY 10. WAKEMED HOME CARE 11. WAKEMED - NEW BERN AVENUE CAMPUS 12. WAKEMED - WESTERN WAKE MED CENTER 13. WAKEMED - REHAB 14. WAKEMED - FUQUAY-VARINA 15. WAKEMED - ZEBULON-WENDELL 16. WAKEMED RALEIGH CAMPUS 17. WAKEMED CARY HOSPITAL 18. WAKEMED NORTH HEALTHPLEX 19. WAKEMED CLAYTON MEDICAL PARK 20. WAKEMED CARY OUTPATIENT REHAB CENTER 21. WAKEMED FUQUAY-VARINA OUTPATIENT & SKILLED NURSING FACILITY 22. WAKEMED ZEBULON/WENDELL OUTPATIENT & SKILLED NURSING FACILITY 23. WAKEMED WAKE FOREST ROAD OUTPATIENT REHAB CENTER 24. WAKEMED HOME HEALTH 25. WAKEMED HEALTH & HOSPITALS 26. WAKEMED EMERGENCY SERVICES INSTITUTE 27. WAKEMED CENTER FOR PATIENT SAFETY 28. WAKEMED APEX HEALTHPLEX 29. WAKEMED APEX DAY SURGERY CENTER, LLC 30. WAKEMED PROFESSIONAL STAFF 31. WAKEMED MOBILE CRITICAL CARE SERVICES 32. WAKEMED CENTER FOR INNOVATIVE LEARNING 33. WAKEMED BRIER CREEK HEALTHPLEX 34. WAKE SPECIALTY BRIER CREEK INTERNAL MEDICINE 35. WAKE SPECIALTY ENT - HEAD AND NECK SURGERY 36. WAKE SPECIALTY FACIAL PLASTICS 37. WAKE SPECIALTY GASTROENTEROLOGY & HEPATOLOGY 38. WAKE SPECIALTY GENERAL SURGERY 39. WAKE SPECIALTY OB/GYN 40. WAKE SPECIALTY PHYSICIANS ENT - HEAD & NECK SURGERY 41. WAKE SPECIALTY PHYSICIANS FACIAL PLASTICS 42. WAKE SPECIALTY PHYSICIANS GASTROENTEROLOGY & HEPATOLOGY 43. WAKE SPECIALTY PHYSICIANS GENERAL SURGERY 44. WAKE SPECIALTY PHYSICIANS INTERNAL MEDICINE BRIER CREEK 45. WAKE SPECIALTY PHYSICIANS OB/GYN 46. WAKE SPECIALTY PHYSICIANS UROLOGY 47. WAKE SPECIALTY PHYSICIANS WOMEN'S CENTER 48. WAKE SPECIALTY UROLOGY 49. WAKE SPECIALTY WOMEN'S CENTER 50. WAKE SPECIALTY PHYSICIANS MATERNAL/FETAL MEDICINE 51. WAKE SPECIALTY PHYSICIANS EMPLOYEE HEALTH 52. FALLS POINTE MEDICAL GROUP 53. WAKE SPECIALTY PHYSICIANS - CITY CENTER MEDICAL GROUP 54. WAKE SPECIALTY PHYSICIANS - CAROLINA CARDIOLOGY 55. WAKE SPECIALTY PHYSICIANS - CONCUSSION CLINIC 56. WAKE SPECIALTY PHYSICIANS - APEX MEDICAL GROUP 57. WAKE SPECIALTY PHYSICIANS - HOLLY SPRINGS MEDICAL GROUP 58. WAKE SPECIALTY PHYSICIANS - ACCENT URGENT CARE 59. WAKE SPECIALTY PHYSICIANS - WAKE ORTHOPAEDICS 60. WAKE SPECIALTY PHYSICIANS - NORTH WAKE INTERNAL MEDICINE 61. WAKE SPECIALTY PHYSICIANS PULMONOLOGY 62. WAKE SPECIALTY PHYSICIANS - KNIGHTDALE FAMILY PRACTICE 63. WAKE SPECIALTY PHYSICIANS - CAROLINA CARDIOVASCULAR SURGICAL ASSOCIATES 64. WAKE SPECIALTY PHYSICIANS - CARY CARDIOLOGY 65. WAKE SPECIALTY PHYSICIANS - CAPITAL UROLOGY 66. WAKE SPECIALTY PHYSICIANS - HARNETT SURGICAL ASSOCIATES 67. WAKE SPECIALTY PHYSICIANS - MORRISVILLE PRIMARY CARE 68. WAKE SPECIALTY PHYSICIANS - GARNER PRIMARY CARE 69. WAKE SPECIALTY PHYSICIANS - FUQUAY-VARINA PRIMARY CARE 70. WAKE SPECIALTY PHYSICIANS - WELLNESS FAMILY PRACTICE 71. WAKE SPECIALTY PHYSICIANS - STRUCTURAL HEART 72. WAKE SPECIALTY PHYSICIANS - RALEIGH CARDIOLOGY. |
| VOLUNTEERS | FORM 990, PART I, LINE 6 | WAKEMED HAS APPROXIMATELY 1,617 VOLUNTEERS. THEY ARE TECHNICALLY CLASSIFIED AS VOLUNTEERS OF THE ORGANIZATIONS, "THE VOLUNTEERS AT WAKEMED RALEIGH CAMPUS" AND "THE VOLUNTEERS AT WAKEMED CARY HOSPITAL," BUT WE LIST THEM HERE FOR INFORMATIONAL PURPOSES. |

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
WAKEMED

Employer identification number
56-6017737

Part I

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

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|----------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------|---------------------|---------------------------|----------------------------------|
| (1) WAKE ORTHOPEADICS LLC 3009 NEW BERN AVENUE RALEIGH, NC 27610 04-3750760 | MEDICAL OFFICE | NC | 12,793,422 | 5,310,459 | N/A |
| (2) CARDIAC INNOVATIONS LLC 3000 NEW BERN AVENUE RALEIGH, NC 27610 26-0554927 | EQUIPMENT LEASING | NC | -30,639 | 92,696 | N/A |
| (3) WAKE SPECIALTY PHYSICIANS LLC 3009 NEW BERN AVENUE RALEIGH, NC 27610 26-4169156 | MEDICAL OFFICE | NC | 24,699,973 | -3,870,293 | N/A |
| (4) PARTNERS IN PRACTICE LLC 3000 NEW BERN AVENUE RALEIGH, NC 27610 27-1164650 | MEDICAL OFFICE | NC | | | N/A |
| (5) CSAMS NEW BERN AVE LLC 3000 NEW BERN AVENUE RALEIGH, NC 27610 | HEALTHCARE | NC | 0 | 1,056,368 | N/A |
| | | | | | |

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) WAKEMED PROPERTY SERVICES 3000 NEW BERN AVE RALEIGH, NC 27610 56-1133894 | LEASING | NC | 501(C)(3) | 509(A)(3) | N/A | | No |
| (2) WAKEMED FACULTY PRACTICE PLAN 3000 NEW BERN AVE RALEIGH, NC 27610 23-7169178 | EDUCATIONAL | NC | 501(C)(3) | 509(A)(3) | N/A | | No |
| (3) THE VOLUNTEERS AT CARY CAMPUS 1900 KILDAIRE FARM RD CARY, NC 27511 56-1798031 | ASSISTANCE TO PATIENTS | NC | 501(C)(3) | 509(A)(3) | N/A | | No |
| (4) THE VOLUNTEERS AT WAKEMED RALEIGH CAMPUS 3000 NEW BERN AVE RALEIGH, NC 27610 56-0749114 | ASSISTANCE TO PATIENTS | NC | 501(C)(3) | 509(A)(3) | N/A | | No |
| (5) WAKEMED FOUNDATION 3000 NEW BERN AVE RALEIGH, NC 27610 56-1916549 | FUNDRAISING | NC | 501(C)(3) | 509(A)(3) | N/A | | 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 | |
| (1) WAKE PET SERVICES LLC 3000 NEW BERN AVE RALEIGH, NC 27607 26-3108205 | EQ LEASING | NC | N/A | RELATED | 9,965 | 236,262 | | No | | Yes | | 50 000 % |
| (2) BLUE RIDGE GP LLC 3000 NEW BERN AVE RALEIGH, NC 27607 27-2241593 | MEDICAL | NC | N/A | RELATED | 418,465 | | | No | | Yes | | 51 000 % |
| (3) CAPITAL CITY SURGERY CENTER 3000 NEW BERN AVE RALEIGH, NC 27607 26-0804803 | HEALTHCARE | NC | N/A | RELATED | -1,865,109 | 7,527,612 | | No | | | No | 55 910 % |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Part IV

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

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

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

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

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

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

b Gift, grant, or capital contribution to 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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

Yes

Yes

No

No

No

No

No

No

Yes

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) WAKEMED FACULTY PRACTICE PLAN | Q | 29,532,241 | INTERCOMPANY TRANSFERS |
| (2) WAKEMED PROPERTY SERVICES | R | 811,106 | INTERCOMPANY TRANSFERS |
| (3) WAKEMED PROPERTY SERVICES | J | 710,987 | INTERCOMPANY TRANSFERS |
| (4) WAKEMED FOUNDATION | R | 265,756 | INTERCOMPANY TRANSFERS |
| (5) WAKEMED FOUNDATION | Q | 2,326,207 | INTERCOMPANY TRANSFERS |
| (6) WAKEMED PROPERTY SERVICES | I | 7,648,118 | INTERCOMPANY TRANSFERS |

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 | |
|------------|------------------|-------------|--|
|------------|------------------|-------------|--|

Software ID:
Software Version:
EIN: 56-6017737
Name: WAKEMED

Form 990, Schedule R, Part V - Transactions With Related Organizations

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved (\$) | (d) Method of determining amount involved |
|-----------------------------------|---------------------------------|-----------------------------------|-------------------------------------------------|
| (1) WAKEMED FACULTY PRACTICE PLAN | Q | 29,532,241 | INTERCOMPANY TRANSFERS |
| (2) WAKEMED PROPERTY SERVICES | R | 811,106 | INTERCOMPANY TRANSFERS |
| (3) WAKEMED PROPERTY SERVICES | J | 710,987 | INTERCOMPANY TRANSFERS |
| (4) WAKEMED FOUNDATION | R | 265,756 | INTERCOMPANY TRANSFERS |
| (5) WAKEMED FOUNDATION | Q | 2,326,207 | INTERCOMPANY TRANSFERS |
| (6) WAKEMED PROPERTY SERVICES | I | 7,648,118 | INTERCOMPANY TRANSFERS |

TY 2011 Category 3 filer statement**Name:** WAKEMED**EIN:** 56-6017737

| Amount Of Indebtedness | Type Of Indebtedness | Name | Address | Identifying Number | Number Of Shares |
|---------------------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------------|-----------------------------|
| | COMMON STOCK | MISSION HEALTH SYSTEM I | BILTMORE AVE ASHEVILLE, NC 28801 | 58-1450888 | |
| | COMMON STOCK | WAKEMED | NEW BERN AVE RALEIGH, NC 27610 | 56-6017737 | |

WAKEMED

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

**WAKEMED
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YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
WakeMed
Raleigh, North Carolina

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

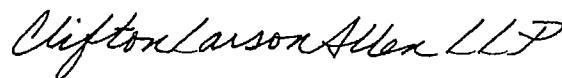
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that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

In our opinion, the combined financial statements as of and for the years ended September 30, 2012 and 2011 present fairly, in all material respects, the financial position of WakeMed as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 4, 2012, on our consideration of WakeMed's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and the Schedule of Funding Progress on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental combining schedules on pages 42 through 44 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Charlotte, North Carolina
December 4, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011**

Overview

The Management's Discussion and Analysis section of WakeMed's combined financial statements is designed to provide a general overview of the financial operating results for the fiscal years ended September 30, 2012 and 2011. This analysis should be read in conjunction with the combined financial statements and related footnotes that follow this analysis

WakeMed is a private, not-for-profit health care organization based in Wake County, North Carolina. WakeMed comprises a network of health care facilities throughout Wake and Johnston counties, including a 575-bed regional referral center with an adjoining 84-bed rehabilitation hospital in Raleigh, a 156-bed full-service community hospital in Cary; a 36-bed skilled nursing facility in Fuquay-Varina; a 19-bed skilled nursing facility in Zebulon; a freestanding emergency department, outpatient surgery and diagnostic center with physicians' offices in North Raleigh, freestanding emergency departments and diagnostic centers in Apex and Brier Creek; Raleigh Medical Park, a preadmission testing site adjacent to the Raleigh campus hospital, a medical office building with diagnostic and outpatient rehabilitation services in Clayton and Holly Springs; a medical office building with diagnostic, outpatient rehabilitation and physician offices in West Raleigh; a mobile critical care transport service including an air ambulance service; and home health and outpatient rehabilitation services in Raleigh, Cary, Apex, Zebulon and Fuquay-Varina. WakeMed is the tertiary provider of trauma, cardiac, neonatal intensive care, neurosciences, high-risk maternal, pediatric emergency and intensive care, adult care services, and physical rehabilitation services.

In addition to the entities described above, the combined financial statements include WakeMed Faculty Practice Plan, WakeMed Property Services, Wake Orthopaedics, LLC, Cardiac Innovations, LLC, Wake Specialty Physicians, LLC, CSAMS New Bern Avenue, LLC, Partners in Practice, LLC, Blue Ridge GP, LLC, Blue Ridge Day Surgery Center, LP and WakeMed Foundation (collectively, "WakeMed"). These component units are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed

Mission

WakeMed's mission is to provide outstanding and compassionate care to all who seek our services. Our mission is the foundation of who we are and what we do. Guided by our vision and supported by strong values and goals, this mission drives the superior care that our patients, their families and the communities we serve have come to expect. To achieve this mission, WakeMed focuses its efforts on achieving five strategic goals: Quality Outcomes, Unsurpassed Service, Workforce Excellence, Fiscal Responsibility and Market Development.

Financial Highlights

- WakeMed's net assets increased in each of the past two years with an \$87 million increase in 2012 and a \$40.4 million increase in 2011.
- WakeMed reported income from operations of \$54.9 million and \$33.5 million in 2012 and 2011, respectively. Income from operations increased by \$21.4 million and increased by \$13.0 million in 2012 and 2011, respectively.
- Net patient service revenue in 2012 increased by approximately \$103 million, or 10.8%, as compared to 2011 and in 2011 increased by approximately \$69 million, or 7.8%, as compared to 2010

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011**

Current Year Events

Brier Creek Healthplex opened in January 2012. Capital City Surgery Center and WakeMed Medical Park Diagnostic Center opened in June. Capital City Surgery Center, LLC has selected Compass Surgical Partners to manage its operations. Architectural and operational plans are well underway for the conversion of the North Healthplex into a 60 bed hospital. Construction on this project will begin in fiscal 2013. Garner Healthplex is scheduled to open in the latter part of fiscal 2013.

Growth and strategic planning in the physician practice area continued this year with the incorporation of both acquired and start-up clinics in primary and urgent care, urology, pulmonology, cardiovascular and general surgery specialties. Fiscal year 2013 will continue this effort beginning with additional cardiology, family medicine and primary care locations in Cary and Clayton.

Receipts were recorded at \$78.4 million during the fiscal year pertaining to the new North Carolina Medicaid Gap Assessment Program. The program was approved in 2012 but was retroactive to fiscal year 2011, therefore the receipts recorded represented 2011 and 2012 fiscal years. Per the program, the state levied each hospital participating an assessment fee based on a specific formula. The fee assessed to WakeMed was \$36 million for a net benefit of \$42.4 million. The program represents efforts to fill the growing gap between non-public and public hospitals Medicaid deficit payments as uninsured costs continue to rise with the recent recession and increased unemployment.

Using this Annual Report

The combined financial statements have been prepared on the accrual basis of accounting which accounts for all revenues and expenses regardless of when cash is received or paid. The annual report consists of the following components:

Combined Balance Sheets - The combined balance sheets reflect the financial position of WakeMed at a specific point in time; i.e., all assets (resources), liabilities (claims to the resources), and net assets as of September 30, 2012 and 2011. These statements provide the basis for the evaluation of WakeMed's capital structure, liquidity, and financial flexibility.

Combined Statements of Revenues, Expenses, and Changes in Net Assets - These combined statements reflect WakeMed's profitability (or change in net assets) for each of the fiscal years presented.

Combined Statements of Cash Flows - The combined statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. They also provide answers to such questions as where cash came from, what cash was used for, and what the change in the cash balance was during the reporting periods presented.

Notes to Combined Financial Statements - These notes are designed to give the reader of the combined financial statements additional information concerning WakeMed and further supports the statements described above.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011

Condensed Combined Balance Sheets - The condensed combined balance sheets are as follows at September 30 (in thousands):

| | 2012 | 2011 | 2010 |
|------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Current Assets | \$ 735,092 | \$ 705,889 | \$ 660,627 |
| Capital Assets, Net | 607,277 | 588,916 | 593,421 |
| Assets Whose Use is Limited, Net of Portion Required for Current Liabilities | 75,289 | 86,918 | 89,014 |
| Other Assets | 124,229 | 103,776 | 105,801 |
| Total Assets | <u>\$ 1,541,887</u> | <u>\$ 1,485,499</u> | <u>\$ 1,448,863</u> |
| Current Liabilities | \$ 209,341 | \$ 199,103 | \$ 200,574 |
| Long-Term Debt, Less Current Maturities | 422,912 | 440,517 | 444,319 |
| Other Noncurrent Liabilities | 21,648 | 44,929 | 43,399 |
| Total Liabilities | <u>653,901</u> | <u>684,549</u> | <u>688,292</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 162,889 | 126,827 | 137,843 |
| Restricted by Donors | 35,282 | 24,263 | 21,559 |
| Restricted for Debt Service and Capital Purchases | 9,235 | 25,352 | 25,260 |
| Unrestricted | 680,580 | 624,508 | 575,909 |
| Total Net Assets | <u>887,986</u> | <u>800,950</u> | <u>760,571</u> |
| Total Liabilities and Net Assets | <u>\$ 1,541,887</u> | <u>\$ 1,485,499</u> | <u>\$ 1,448,863</u> |

Current Assets - In 2012, current assets increased \$29.2 million, or 4.1%, over 2011. Cash and short-term investments decreased \$2.9 million, other receivables increased \$20.3 million while net patient accounts receivable increased \$13.8 million. WakeMed's current ratio is strong at 3.51 to 1.0 at September 30, 2012 and 3.55 to 1.0 at September 30, 2011. In 2011, current assets increased \$45.2 million, or 6.9%, over 2010.

Capital Assets-Net - In 2012, capital assets-net increased \$18.4 million, or 3.1%, over 2011 mainly due to expenditures incurred on major projects that began during 2011. Significant capital expenditures for fiscal year 2012 consisted of Brier Creek Healthplex, Raleigh Medical Park Diagnostic Center, renovations to Raleigh Campus 6th floor nursing units, cath lab replacements at both Raleigh Campus and Cary Hospital, eICU/VISICU, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities, and information technology purchases and upgrades. In 2011, capital assets - net decreased \$4.5 million, or 0.8%, from 2010 mainly due to the disposal of the East Square property.

Other Assets - Other Assets increased \$20.4 million, or 19.7%, in 2012 due primarily to an increase in long term cash and equity investments offset by the decrease of \$24.8 million in goodwill associated with Blue Ridge GP, LLC's sale of its controlling interest in Blue Ridge Day Surgery, LP. Other assets decreased \$2 million, or 1.9% in 2011 due primarily to improved rates in prepaid insurance, contracts and maintenance.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011

Current Liabilities - In 2012, current liabilities increased \$10.2 million, or 5.1%, from 2011. The primary factors were a \$9.3 million decrease in third-party payor and Medicaid Reimbursement Initiative reserves, and a \$19.5 million increase in accounts payable and accrued liabilities. In 2011, current liabilities decreased \$1.5 million, or 0.7%, from 2010. The primary factors were a \$7.3 million decrease in third-party payor and Medicaid Reimbursement Initiative reserves offset by a \$5.7 million increase in accounts payable and accrued liabilities.

Long-Term Debt - At September 30, 2012, WakeMed had \$457.9 million of debt under the terms of three outstanding bond offerings. The 2012A \$294.8 million issue was used to refund the 2001 and 2009A bond issues. The 2001 bonds were redeemed in July 2012 and the 2009A bonds are scheduled for redemption on October 1, 2014. The 2009C \$81.8 million issue was used to refund the 1997 bonds in advance of their maturity dates. The 2009B \$75.0 million issue was used for equipment purchases and to finance the construction and acquisition of certain property as defined in the bond orders. Long-term debt, less current maturities decreased \$17.6 million in 2012 as the result of a \$20.8 net decrease from the bond refundings offset by lease additions. See Note 7 to the combined financial statements for a detailed discussion on long-term debt.

Other Noncurrent Liabilities - In 2012, other noncurrent liabilities decreased \$23.3 million, or 51.8%, from 2011 related to the decrease of the non-controlling interest pertaining to the sale of the interest in Blue Ridge Day Surgery, LP. In 2011, other noncurrent liabilities increased \$1.5 million, or 3.5%, over 2010.

Total Net Assets - Overall, total net assets increased approximately \$87 million, or 10.9%, over 2011. The specific components of the change in net assets are as follows:

Net Assets Invested in Capital Assets-Net of Related Debt - Net assets invested in capital assets-net of related debt increased \$36.1 million, or 28.4% in 2012. Driven by WakeMed's continuing growth and investment in equipment and infrastructure, total capital assets increased by \$18.4 million in 2012.

Net Assets Restricted by Donors - Net assets restricted by donors, which represent funds held by WakeMed that are restricted as to their use by external donors, increased \$11 million in 2012, or 45.4% from 2011. These funds are restricted for such uses as the provision of indigent care and certain other services such as children's, educational and patient care programs.

Net Assets Restricted for Debt Service and Capital Purchases - Net assets restricted for debt service and capital purchases represent assets that are to be used to pay current debt obligations. They decreased \$16.1 million in 2012 due to the refunding of WakeMed's 2001 and 2009A Bond issues.

Unrestricted Net Assets - Unrestricted net assets represents assets available to fund the ongoing operations of WakeMed. The \$56.1 million increase in 2012 was primarily due to current year income and receipts from the Medicaid GAP program.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011

Condensed Combined Statements of Revenue, Expenses, and Changes in Net Assets - The condensed combined statements of revenue, expenses, and changes in net assets are as follows for the years ended September 30 (in thousands):

| | 2012 | 2011 | 2010 |
|------------------------------------------------------------------|------------------|-------------------|-------------------|
| Patient Service Revenue, Net | \$ 1,056,683 | \$ 953,659 | \$ 884,637 |
| Other Operating Revenue | 32,056 | 24,656 | 31,391 |
| Total Operating Revenue | <u>1,088,739</u> | <u>978,315</u> | <u>916,028</u> |
| OPERATING EXPENSES | | | |
| Labor Expenses | 595,095 | 533,014 | 504,705 |
| Supplies, Purchased Services and Other | 315,289 | 269,451 | 273,796 |
| Professional Fees | 40,999 | 63,175 | 36,727 |
| Depreciation | 66,502 | 62,751 | 65,712 |
| Interest Expense | 15,993 | 16,454 | 14,659 |
| Total Operating Expenses | <u>1,033,878</u> | <u>944,845</u> | <u>895,599</u> |
| Income from Operations | 54,861 | 33,470 | 20,429 |
| Nonoperating Revenues, Net | | | |
| Investment Income | 32,058 | 10,253 | 22,680 |
| Other, Net | 1,278 | 445 | 356 |
| Total Nonoperating Revenue, Net | <u>33,336</u> | <u>10,698</u> | <u>23,036</u> |
| Income Before Non-Controlling Interest and Capital Contributions | 88,197 | 44,168 | 43,465 |
| Loss Applicable to Non-Controlling Interest | <u>(2,582)</u> | <u>(4,522)</u> | <u>(2,235)</u> |
| Income Before Capital Contributions | 85,615 | 39,646 | 41,230 |
| Sale of Blue Ridge GP Interest | #REF! | - | - |
| Capital Contributions | 1,421 | 733 | 681 |
| Increase in Net Assets | <u>#REF!</u> | <u>40,379</u> | <u>41,911</u> |
| NET ASSETS - BEGINNING OF YEAR | <u>800,950</u> | <u>760,571</u> | <u>718,660</u> |
| NET ASSETS - END OF YEAR | <u>#REF!</u> | <u>\$ 800,950</u> | <u>\$ 760,571</u> |

Income from Operations - Income from operations in 2012 increased by \$21.4 million from 2011. Income from operations in 2011 increased by \$13.0 million from 2010.

Patient Service Revenue - Net - Net patient service revenue increased \$103.0 million, or 10.8%, over 2011. This growth was driven by several factors. WakeMed implemented a 6% price increase for hospital services in 2012, and continued the charge capture, collections, and coding initiatives implemented by Wellspring in 2011, resulting in an additional \$8 million in net patient revenue. The WakeMed Physician Practices added a collective \$24 million to net patient revenue in 2012, primarily due to the addition of new practices. WakeMed received approximately \$78 million in Medicaid GAP funds during fiscal year 2012, relating to both 2011 and 2012.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011

Labor Expenses - Total labor expenses increased \$62.1 million, or 11.6% compared to 2011. The increase is primarily due to a 6.6% increase in FTE's, in addition to a 2.75% increase in non-clinical wages in October 2011 and a 1.5% increase in clinical wages in July 2012. The remainder is attributed to new benefits in 2012.

Supplies, Purchased Services, and Other - Overall, these costs experienced an increase of \$45.8 million, or 17.0% over 2011. WakeMed incurred supply cost increases in pharmacy due to drug shortages. Purchased services increased this year as compared to last year due to repair and maintenance expenses that include but are not limited to HVAC, air handlers, breakers and indoor air quality. Other Expense includes approximately \$36 million for assessment costs related to the new Medicaid GAP Program partially offset by decreases in malpractice insurance expense due to favorable claims history based on the actuarial valuation. In 2011, supplies, purchased services, and other, decreased \$4.3 million, or 1.6% as compared to 2010.

Depreciation Expense - Depreciation expense increased \$3.8 million, or 6.0%, over 2011 due to current year capital asset additions and disposals. In 2011, depreciation expense increased \$3.0 million, or 4.5%, over 2010.

Investment Income - Investment income increased \$21.8 million, or 212.7%, from 2011. Fiscal year 2012 presented a \$19.0 million increase in unrealized gains from favorable financial market conditions coupled with a \$3.3 million increase in realized gains from 2011. In 2011, investment income increased \$12.4 million, or 54.8%, from 2010.

Capital Assets - Net

Capital assets - net consisted of the following at September 30 (in thousands):

| | 2012 | 2011 | 2010 |
|--------------------------------|-------------------|-------------------|-------------------|
| Land and Land Improvements | \$ 41,314 | \$ 34,471 | \$ 33,111 |
| Buildings | 643,917 | 632,285 | 624,750 |
| Equipment | 659,953 | 607,794 | 580,524 |
| Construction-in-Progress | 20,008 | 26,731 | 18,600 |
| | <u>1,365,192</u> | <u>1,301,281</u> | <u>1,256,985</u> |
| Less, Accumulated Depreciation | <u>(757,915)</u> | <u>(712,365)</u> | <u>(663,564)</u> |
| Capital Assets, Net | <u>\$ 607,277</u> | <u>\$ 588,916</u> | <u>\$ 593,421</u> |

Significant capital expenditures for fiscal year 2012 consisted of Brier Creek Healthplex, Raleigh Medical Park Diagnostic Center, renovations to Raleigh Campus 6th floor nursing units, cath lab replacements at both Raleigh Campus and Cary Hospital, eICU/VISICU, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities, and information technology purchases and upgrades. These capital expenditures are expected to support future revenue growth.

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012 AND 2011**

Community Benefit

WakeMed's involvement in the community goes far beyond the provision of medical care at one of our facilities. The system engages in a variety of activities that result in a direct benefit including outreach, donations, in-kind contributions, special initiatives for children, free pediatric asthma and diabetes programs, employee volunteer hours, and teaching and training the next generation of physicians and nurses. WakeMed is guided by a mission that requires us to constantly increase our capacity for care. That means a steady stream of new programs, services, technologies and facilities for the community. It also means caring for all who seek our services, regardless of their ability to pay.

WakeMed provides health care to citizens in the communities we serve regardless of their ability to pay. Based on WakeMed's established charge structure, total charges foregone for charity care provided amounted to \$269.6 million in 2012, representing a \$5.6 million increase over the prior year. In 2011, charity care increased by \$20.7 million over 2010. The estimated cost of this care based on the ratio of operating expenses to gross charges was \$79.3 million and \$74.4 million in 2012 and 2011, respectively.

Transfer Agreement Compliance

The Transfer Agreement, signed in 1997 when Wake County conveyed the hospital to WakeMed, was amended in September 2008. The Transfer Agreement mandates a minimum of 4.8% of revenues from Wake County citizens be spent to provide services and resources to indigent patients and the community at large in Wake County. In fiscal years 2012 and 2011, WakeMed was in compliance with the Transfer Agreement.

Contacting WakeMed's Financial Management

The financial report is designed to provide the users of WakeMed's combined financial statements with a general overview of WakeMed's finances. If you have questions about this report or need additional financial information, please contact WakeMed, Attn: Chief Financial Officer, 3000 New Bern Avenue, Raleigh, North Carolina 27610.

WAKEMED
COMBINED BALANCE SHEETS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

| ASSETS | <u>2012</u> | <u>2011</u> |
|----------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 131,438 | \$ 161,808 |
| Short-Term Investments | 397,774 | 370,324 |
| Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$56,328 in 2012 and \$48,516 in 2011 | 134,880 | 121,032 |
| Other Receivables | 28,887 | 8,543 |
| Inventories | 19,265 | 18,985 |
| Prepaid Expenses and Other Current Assets | 9,659 | 7,764 |
| Assets Whose Use is Limited, Required for Current Liabilities | 13,189 | 17,433 |
| Total Current Assets | <u>735,092</u> | <u>705,889</u> |
| CAPITAL ASSETS, NET | 607,277 | 588,916 |
| ASSETS WHOSE USE IS LIMITED, Net of Portion Required for Current Liabilities | 75,289 | 86,918 |
| OTHER ASSETS | | |
| Long-Term Investments | 88,218 | 57,196 |
| Investment in Affiliates and Other Assets | 28,973 | 34,778 |
| Deferred Bond Financing Costs, Net | 4,238 | 10,878 |
| Prepaid Pension Obligation | 2,800 | 924 |
| Total Other Assets | <u>124,229</u> | <u>103,776</u> |
| Total Assets | <u><u>\$ 1,541,887</u></u> | <u><u>\$ 1,485,499</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Maturities of Long-Term Debt | \$ 21,476 | \$ 21,572 |
| Accounts Payable and Accrued Liabilities | 153,011 | 133,496 |
| Due to Third-Party Payors | 33,597 | 42,918 |
| Deferred Revenue | 1,257 | 1,117 |
| Total Current Liabilities | <u>209,341</u> | <u>199,103</u> |
| LONG-TERM DEBT, LESS CURRENT MATURITIES | 422,912 | 440,517 |
| OTHER NONCURRENT LIABILITIES | 21,648 | 20,853 |
| NON-CONTROLLING INTEREST IN AFFILIATES | - | 24,076 |
| Total Liabilities | <u>653,901</u> | <u>684,549</u> |
| COMMITMENTS AND CONTINGENCIES (NOTES 1 AND 12) | | |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 162,889 | 126,827 |
| Restricted by Donors | 35,282 | 24,263 |
| Restricted for Debt Service and Capital Purchases | 9,235 | 25,352 |
| Unrestricted | 680,580 | 624,508 |
| Total Net Assets | <u>887,986</u> | <u>800,950</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,541,887</u></u> | <u><u>\$ 1,485,499</u></u> |

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

| | <u>2012</u> | <u>2011</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| PATIENT SERVICE REVENUE | | |
| Net of Contractual Allowances of \$2,373,230 and \$2,355,621 and Provision for Uncollectible Accounts of \$47,083 and \$41,214 in 2012 and 2011, Respectively | \$ 1,056,683 | \$ 953,659 |
| OTHER OPERATING REVENUE | <u>32,056</u> | <u>24,656</u> |
| Total Operating Revenue | 1,088,739 | 978,315 |
| LABOR EXPENSES | | |
| Salaries, Wages and Employee Benefits | 561,290 | 494,708 |
| Contract Nursing | 2,864 | 374 |
| Other Contract Labor | <u>30,941</u> | <u>37,932</u> |
| Total Labor Expenses | 595,095 | 533,014 |
| OTHER OPERATING EXPENSES | | |
| Supplies, Purchased Services and Other | 315,289 | 269,451 |
| Professional Fees | 40,999 | 63,175 |
| Depreciation | 66,502 | 62,751 |
| Interest Expense | <u>15,993</u> | <u>16,454</u> |
| Total Other Operating Expenses | 438,783 | 411,831 |
| Total Expenses | <u>1,033,878</u> | <u>944,845</u> |
| INCOME FROM OPERATIONS | 54,861 | 33,470 |
| NONOPERATING REVENUE, NET | | |
| Investment Income | 32,058 | 10,253 |
| Other, Net | <u>1,278</u> | <u>445</u> |
| Total Nonoperating Revenue, Net | 33,336 | 10,698 |
| INCOME BEFORE NON-CONTROLLING INTEREST AND CAPITAL CONTRIBUTIONS | 88,197 | 44,168 |
| Loss Applicable to Non-Controlling Interest | <u>(2,582)</u> | <u>(4,522)</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 85,615 | 39,646 |
| CAPITAL CONTRIBUTIONS, NET (Includes Deconsolidation of Blue Ridge GP, LLC in 2012) | <u>1,421</u> | <u>733</u> |
| INCREASE IN NET ASSETS | 87,036 | 40,379 |
| Net Assets - Beginning of Year | <u>800,950</u> | <u>760,571</u> |
| NET ASSETS - END OF YEAR | <u>\$ 887,986</u> | <u>\$ 800,950</u> |

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

| | 2012 | 2011 |
|-----------------------------------------------------------------------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Third-Party Payors and Patients | \$ 1,017,671 | \$ 943,119 |
| Payments to Suppliers | (352,369) | (334,665) |
| Payments to Employees | (575,443) | (522,453) |
| Other Receipts | 19,369 | 19,656 |
| Net Cash Provided by Operating Activities | <u>109,228</u> | <u>105,657</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from Issuance of 2012A Bonds, Net of Discount | 294,840 | - |
| Payment of Bond Premium on Series 2012A Bonds | 20,878 | - |
| Cash Paid for Series 2012A Bond Issue Costs | (2,814) | - |
| Redemption Premium Paid on Series 2001 Refunding | (1,388) | - |
| Refunding of Series 2001 and 2009A Bonds | (302,665) | - |
| Principal Payments on Bonds Payable, Net | (9,250) | (8,780) |
| Proceeds from Note Payable | - | 4,600 |
| Interest Payments on Bonds Payable | (13,368) | (18,349) |
| Principal Payments on Capital Lease Obligations and Other | (959) | (401) |
| Interest Payments on Capital Lease Obligations and Other | (539) | (7) |
| Purchases of Capital Assets | (73,740) | (54,725) |
| Increase in Assets Whose Use is Limited | (6,239) | (1,285) |
| Gifts, Grants and Bequests | 13,250 | 733 |
| Net Cash Used in Capital and Related Financing Activities | <u>(81,994)</u> | <u>(78,214)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest, Dividends and Unrealized Gain (Loss) on Investments | 29,270 | 9,079 |
| Realized Gain (Loss) on Sale of Investments | 1,853 | 1,174 |
| Other Nonoperating Gains (Losses), Net | 1,278 | 445 |
| (Increase) Decrease in Short-Term and Long-Term Investments | (58,472) | (20,308) |
| Cash from Acquisition of Interests in Affiliates, Net | (7,062) | - |
| Changes in Other Non-Operating Asset, Net | (23,363) | 1,714 |
| Income Applicable to Non-Controlling Interest | (2,582) | (4,522) |
| Net Cash Used in Investing Activities | <u>(59,078)</u> | <u>(12,418)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(31,844)</u> | <u>15,025</u> |
| Cash and Cash Equivalents - Beginning of Year | <u>181,189</u> | <u>166,164</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 149,345</u></u> | <u><u>\$ 181,189</u></u> |
| RECONCILIATION OF COMBINED CASH AND CASH EQUIVALENTS TO COMBINED BALANCE SHEETS: | | |
| Cash and Cash Equivalents | \$ 131,438 | \$ 161,808 |
| Cash and Cash Equivalents in Assets Whose Use is Limited | 17,907 | 19,381 |
| Total Cash and Cash Equivalents | <u><u>\$ 149,345</u></u> | <u><u>\$ 181,189</u></u> |

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

| | <u>2012</u> | <u>2011</u> |
|----------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Income from Operations | \$ 54,861 | \$ 33,470 |
| Interest Expense Considered Capital Financing Activity | 15,993 | 16,454 |
| Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities | | |
| Depreciation | 66,502 | 62,751 |
| Provision for Uncollectible Accounts | 47,083 | 41,214 |
| Increase in Patient and Other Receivables | (77,948) | (51,720) |
| Increase in Accounts Payable and Accrued Liabilities | 19,515 | 5,709 |
| Change in Other Operating Assets and Liabilities, Net | <u>(16,778)</u> | <u>(2,221)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ 109,228</u></u> | <u><u>\$ 105,657</u></u> |

See accompanying Notes to Combined Financial Statements

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 1 ORGANIZATION

WakeMed, a North Carolina not-for-profit corporation, was established in 1965 to provide access to quality hospital-based services to the citizens of Wake County, North Carolina and surrounding counties. To support these services, WakeMed delivers a broad range of services through a network of operating affiliates.

Effective April 1, 1997, the Wake County commissioners conveyed all real estate, personal property, fixtures, equipment, cash and accounts, and all rights, title, and interest in all such property and facilities to WakeMed, under the provisions of North Carolina General Statute 131E-8 (the "Statute"), in accordance with a transfer agreement between WakeMed and the County of Wake (the "Transfer Agreement"). The Transfer Agreement was amended in September 2008. While a majority of the Board of Directors continue to be appointed by Wake County, as required by the Statute, WakeMed's facilities are no longer owned by Wake County as required by North Carolina General Statute 159-39(a). Further, the Statute required that the outstanding general obligation revenue bonds be defeased at the time of conveyance.

As a condition to the conveyance, WakeMed has agreed to provide community general hospital services to citizens of Wake County without regard to the ability to pay. Moreover, WakeMed must meet minimum financial commitments for services and resources to indigent patients and the community at large as defined in the Transfer Agreement, as amended. For the years ended September 30, 2012 and 2011, WakeMed met the minimum financial commitments as defined in the Transfer Agreement, as amended. In the event the level of commitment is not provided through charity care, WakeMed may be required to designate an amount equal to such deficiency to be maintained by WakeMed for purposes of covering the cost of future services to indigent patients. No amount has been designated at September 30, 2012 and 2011.

Reporting Entity

As required by accounting principles generally accepted in the United States of America (hereinafter referred to as "generally accepted accounting principles"), these combined financial statements present WakeMed and its component units. The combined component units discussed below are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed. All significant intercompany balances and transactions have been eliminated in combination.

- *WakeMed Faculty Practice Plan* – WakeMed Faculty Practice Plan (formerly known as Wake County Hospital System Medical Education Foundation) (the "Faculty Practice") is a not-for-profit corporation established for charitable, educational, and scientific purposes through aid and promotion of the health care services of WakeMed and other nonprofit organizations. Although it is a separate legal entity, the Faculty Practice is reported as if it were part of WakeMed because the entities share the same Board of Directors.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 1 ORGANIZATION (CONTINUED)

Reporting Entity (continued)

- *WakeMed Property Services* – WakeMed Property Services (“Property Services”) is a not-for-profit corporation established to provide health care facilities and related services to WakeMed. Property Services owns and operates WakeMed Clayton Medical Park, WakeMed North Healthplex, WakeMed Apex Healthplex and other properties that are non-clinical sites. Property Services owns the land in Raleigh and leases the WakeMed Brier Creek Healthplex building, as well as multiple other properties. Additionally, Property Services leases space in these facilities to professional associations and WakeMed. Although it is a separate legal entity, Property Services is reported as if it were a part of WakeMed because the entities share the same Board of Directors.
- *Wake Orthopaedics, LLC* – On April 3, 2003, WakeMed filed Articles of Incorporation to establish Wake Orthopaedics, LLC (“Wake Orthopaedics”), a wholly-owned not-for-profit subsidiary. Wake Orthopaedics is an orthopedic practice that provides orthopedic medical services at its own physical locations as well as call coverage for the emergency departments and trauma services at WakeMed facilities. The practice is managed by an outside agency and contracts with licensed orthopedists to provide medical services.
- *Cardiac Innovations, LLC* – On November 9, 2005, WakeMed filed Articles of Organization to establish Cardiac Innovations, LLC (“Cardiac Innovations”) which began operations in August 2007. Cardiac Innovations was formed to acquire and lease equipment with added value by physician involvement to better enable WakeMed to deliver high quality health care services. The company owns peripheral arterial disease equipment that is leased to physician offices.
- *Wake Specialty Physicians, LLC* – On January 30, 2009, WakeMed filed Articles of Organization to establish Wake Specialty Physicians, LLC (“Wake Specialty Physicians”). Wake Specialty Physicians was formed to employ and contract with physicians for the provision of professional medical services.
- *Partners in Practice, LLC* – On October 14, 2009, WakeMed filed Articles of Organization to establish Partners in Practice, LLC (“Partners in Practice”). Partners in Practice was originally formed to allow WakeMed to partner with local physician practices and help them manage the many complex aspects of operating a practice. This company is currently inactive for operational purposes.
- *Blue Ridge GP, LLC* - On March 31, 2010, WakeMed filed Articles of Organization to establish Blue Ridge GP, LLC (“Blue Ridge GP”). Blue Ridge GP was formed to hold the controlling interest in the general partnership that operates the Blue Ridge Day Surgery Center located on Lake Boone Trail in Raleigh. The center features six operating rooms and three procedure rooms, includes 38 physician partners and over 100 physicians who perform surgeries in numerous specialties. WakeMed’s 51% interest in Blue Ridge GP, LLC was sold to Surgical Care Affiliates March 31, 2012. Earnings results through March 31, 2012 are included in the accompanying combined financial statements.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 1 ORGANIZATION (CONTINUED)

Reporting Entity (continued)

- *WakeMed Foundation* – WakeMed Foundation (the “Foundation”) is a not-for-profit corporation established in 1994 for the purpose of receiving and managing donations exclusively for the benefit of WakeMed and its ancillary organizations. The Foundation is also dedicated to building support for WakeMed through leadership development, fundraising, and educational awareness.
- *CSAMS New Bern Avenue, LLC* - On January 3, 2012, WakeMed filed Articles of Organization to establish CSAMS New Bern Avenue, LLC (“CSAMS”), a member managed entity acting under the statutory provisions of the North Carolina LLC act. CSAMS owns perfusion pumps and was acquired to ensure we have essential tools necessary to offer high quality cardiovascular surgery services at any time. Prior to the acquisition, WakeMed purchased perfusion services from CSA Medical Services as a vendor relationship.

Basis of Presentation

WakeMed utilizes proprietary fund accounting whereby revenues and expenses are recognized on an accrual basis. Pursuant to GASB Statement No 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, WakeMed 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.

Affiliation Agreements

Harnett Health System, Inc – In November 2005, WakeMed entered into a management agreement with Harnett Health System, Inc to manage Betsy Johnson Regional Hospital to include implementing hospital operating policies and procedures and standards for operations, services and maintenance. As a part of this agreement, WakeMed provides a President and CEO for Betsy Johnson Hospital as well as a manager for a cardiac rehabilitation program, a Chief Financial Officer, a Director of Revenue, Reimbursement and Managed Care and other positions.

During fiscal year 2011, WakeMed entered into a five-year liquidity agreement with Harnett Health System to assist them with retaining day’s cash on hand required by their bond documents. The agreement requires WakeMed, if necessary, to loan the difference in the required days cash on hand up to a maximum of \$5 million. WakeMed will receive interest of the prime rate plus 2% on any loan amount along with an annual availability fee on the unloaned portion of the aggregate loan capacity. This agreement supports WakeMed’s existing management services agreement with Harnett Health System to manage their facilities. As of September 30, 2012 and 2011, no loan has occurred to Harnett Health System under this agreement.

Wilson Medical Center – In October 2011, WakeMed announced a Percutaneous Coronary Intervention (PCI) Program Services Agreement with Wilson Medical Center (“WilMed”).

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 1 ORGANIZATION (CONTINUED)

Affiliation Agreements (continued)

This mutually beneficial relationship will closely align the WakeMed Heart Center and WilMed's Cardiopulmonary Services and will enhance the level of cardiac services available to the residents of Wilson County

Sampson Regional Medical Center – WakeMed leases office space for cardiac services from Sampson Regional Medical Center under a lease agreement.

Southern Atlantic Healthcare Alliance – WakeMed is a member of the Southern Atlantic Healthcare Alliance. This corporation is a nonprofit corporation organized to facilitate consulting, resource sharing and education among participating hospitals to provide patients with quality medical care.

Johnston Health – In October 2011, WakeMed entered into a Heart and Vascular Services Agreement with Johnston Health. The level of Cardiac Services available to the residents of Johnston County will be enhanced by this relationship and will closely align the WakeMed Heart Center and Johnston's Cardiopulmonary Services. Both of Johnston Health's locations are served under the agreement (Clayton and Smithfield).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less, and which are not limited as to their use, are considered to be cash equivalents and are recorded at cost which approximates market.

Inventories

Inventories consist primarily of patient care supplies and are stated at the lower of average cost or market.

Assets Whose Use is Limited

Assets whose use is limited includes assets held by a trustee by bond order, internally designated amounts to meet future bond and principal payments, estimated settlements with third-party payors, self-insurance trust arrangements, and other donor restricted assets. Assets whose use is limited that are required for settlement of current liabilities are reported in current assets.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

WakeMed follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which states that investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, be measured at fair value in the accompanying combined balance sheets. Additionally, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating revenue – net in the accompanying combined financial statements.

Capital Assets

Property and equipment are recorded at cost or, if donated, at fair market value on the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method for financial reporting purposes. Assets under capital lease obligations are depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life of the asset.

Depreciation is included in the accompanying combined financial statements using the following estimated useful lives

| <u>Property Classification</u> | <u>Estimated Lives (Years)</u> |
|---------------------------------------|-------------------------------------------|
| Land Improvements | 5-20 |
| Building | 5-40 |
| Equipment | 2-10 |

Expenditures for repairs and maintenance are charged to expense as incurred unless the betterments extend the useful lives of the assets, at which point these costs are capitalized. Interest cost incurred on borrowed funds, less any interest earned on temporary investment of those funds, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Legal title to the property and certain equipment (collectively referred to as the "facilities") of WakeMed was held by Wake County, and the facilities were managed and operated by WakeMed under an operating agreement with Wake County until April 1, 1997, when title was transferred to WakeMed as described in Note 1. The Wake County operating agreement contains several restrictive covenants that, among other things, require WakeMed to operate and maintain the facilities and pay the bond trustee amounts sufficient to satisfy the principal and interest requirements on the bonds.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Affiliates and Other Assets

Property Services maintains a laundry facility joint venture, Quality Textile Services, Inc. ("QTS"), with Rex Enterprises, Inc. to increase efficiency and reduce costs for the participating hospitals. This investment is accounted for under the equity method. At September 30, 2012 and 2011, Property Services' investment balance in QTS was \$2,323 and \$2,280, respectively.

WakeMed maintains a joint venture, Wake PET Services, LLC ("Wake PET"), with Wake Radiology Oncology Services, PLLC to acquire and lease a PET/CT scanner. This investment is accounted for under the equity method. At September 30, 2012 and 2011, WakeMed's investment balance in Wake PET was \$237 and \$418, respectively.

WakeMed owns 50% of the shares of Dogwood Insurance Company, LTD. (the "Dogwood Captive"), an exempted segregated portfolio captive insurance company domiciled in the Cayman Islands. The Dogwood Captive is owned jointly with Mission Health Systems, Inc. Under the terms of a Share Sale and Purchase Agreement, the Dogwood Captive has established a segregated portfolio which is designated as the "WakeMed Segregated Portfolio." WakeMed's participation is limited to general liability and professional liability coverage.

WakeMed acquired workforce in place as part of physician practice acquisitions during 2012 and 2011. The value of the workforce in place was based on current salaries, hiring and training costs. The assets are being amortized over five years. Any impairment to the asset is recognized as incurred. The impairments reflect staff turnover occurring between valuation and time of purchase as well as terminations occurring subsequent to purchase. Amortization of \$344 and \$236 and impairments totaling \$55 and \$77 were recognized in 2012 and 2011, respectively. The net book value of the workforce in place as of September 30, 2012, is \$1,337.

WakeMed became a contributing member of Advanced Home Care, Inc., a North Carolina nonprofit corporation, in June of 2012 with an investment of \$1 million. Advanced Home Care provides health care services to patients in their homes, including the provision of home health services, durable medical equipment, home infusion therapy, respiratory services and equipment, enteral feeding and home sleep therapy. The acquired membership interest in Advanced Home Care results in distributions of earnings to its members as determined annually by the Advanced Home Care board of directors. WakeMed received distributions of \$28 in fiscal year 2012.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Affiliates and Other Assets (continued)

WakeMed and physician investors formed a joint venture in April 2012, Capital City Surgery Center, LLC ("Capital City"), a North Carolina limited liability company, to operate a facility to provide ambulatory surgery services which may include, but is not limited to, gynecology, neurosurgery, otolaryngology, ophthalmology, orthopedic and podiatry procedures at a freestanding ambulatory surgery center located at 23 Sunnybrook Road in Raleigh, North Carolina. The company is managed by an outside management group. This investment is accounted for under the equity method. At September 30, 2012, WakeMed's investment balance in Capital City was approximately \$9.4 million.

Long-Lived Assets

In accordance with GASB standards, WakeMed reviews its long-lived assets and certain identifiable intangibles for evidence of impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

During 2010, WakeMed recorded approximately \$24.8 million in goodwill as part of the combination of Blue Ridge GP's controlling interest in the Blue Ridge Day Surgery Center. During 2012, WakeMed recorded approximately \$531 in goodwill as part of the acquisition of CSAMS New Bern Avenue, LLC. The goodwill, which is included in investment in affiliates and other assets in the accompanying combined balance sheets, is evaluated annually for impairment and will not be amortized.

WakeMed evaluates the recoverability of the assets by one of three methods, (1) the restoration cost approach, (2) the service units approach or, (3) the deflated depreciated replacement cost approach (as described by Statement No. 42). At the time such evaluations indicate that impairment exists, the carrying value of the assets is adjusted to fair value. In addition to recording goodwill associated with the acquisition of CSAMS New Bern Avenue, LLC in fiscal year 2012, WakeMed sold its interest in Blue Ridge GP, LLC effective March 31, 2012, and will no longer report the associated goodwill. No adjustments were made to the carrying value of long-lived assets in fiscal year 2011.

Deferred Bond Financing Costs

Deferred bond financing costs are costs associated with the bond issuance which have been deferred and are being amortized over the term of the bonds.

Accrued Paid Days Off

WakeMed has a paid days off ("PDO") plan covering all full-time, three-quarter time and part-time employees. An employee is allowed to accrue up to a maximum of 520 hours of PDO, which includes earned vacation, holiday, and sick time. Employees hired prior to July 1, 2009 are 40% vested after three months, 50% vested after one year, 75% vested after three years, and 100% vested after five years. Employees hired on or after July 1, 2009 are 75% vested after three years and 100% vested after 5 years. As of September 30, 2012 and 2011, the accrued PDO balance was \$29,367 and \$27,209, respectively, and is included in accounts payable and accrued liabilities in the accompanying combined balance sheets.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, net assets are categorized as invested in capital assets, net of related debt, and restricted and unrestricted net assets. Invested in capital assets, net of related debt, is intended to reflect the portion of net assets that is associated with nonliquid capital assets less outstanding capital assets-related debt. Restricted net assets are assets generated from revenues that have third-party limitations on their use. Unrestricted net assets have no third-party restrictions on use.

Statements of Revenues, Expenses, and Changes in Net Assets

All revenue and expenses directly related to the delivery of health care services are included in operating revenue and expenses in the statements of revenue, expenses, and changes in net assets. Nonoperating revenue and expenses consist of those revenue and expenses that are related to financing and investing types of activities and result from nonexchange transactions or investment income.

Patient Service Revenue, Net

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, 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.

Charity Care

WakeMed provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because WakeMed does not pursue collection of amounts determined to qualify as charity care, the related amounts are not reported as net patient service revenue.

WakeMed has an established policy addressing the criteria by which ability to pay is determined, and the application of that policy resulted in the provision of services to patients unable to pay for those services in amounts approximating \$269,585 in fiscal year 2012 and \$264,028 in fiscal year 2011, based on WakeMed's established charge structure.

Estimated Malpractice Costs

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

Income Taxes

Substantially all of the activities of WakeMed are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

WAKEMED
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Values of Financial Instruments

The following methods and assumptions were used by management in estimating fair values for financial instruments.

Cash and Cash Equivalents, Patient and Other Receivables, and Accounts Payable and Accrued Liabilities - The carrying amount approximates fair value because of the short maturity of these instruments.

Short-Term and Long-Term Investments (Including Assets Whose Use Is Limited) - Fair values, which are the amounts reported in the accompanying combined balance sheets, are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities

Due to Third-Party Payors - The carrying amount reported in the accompanying combined balance sheets for estimated third-party payor settlements approximates its fair value

Long-Term Debt - The fair value of WakeMed's variable rate debt approximates its carrying value due to that debt's variable interest rate. The fair value of WakeMed's fixed rate long-term debt has been based upon market quotations. As of September 30, 2012 and 2011, the estimated fair value of WakeMed's long-term debt was \$479,065 and \$468,685, respectively.

NOTE 3 PATIENT SERVICE REVENUE, NET

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered during the period. WakeMed has presented its provision for uncollectible accounts as a direct reduction of patient service revenue. Based on management's interpretation of the requirements of GASB Statement No. 34, governmental health care organizations are required to present uncollectible accounts as a component of net patient service revenue rather than within operating expenses.

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. A summary of the payment arrangements with major third-party payors, which represent approximately 91% of the patient care provided in both fiscal years 2012 and 2011, follows:

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 3 PATIENT SERVICE REVENUE, NET (CONTINUED)

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge using a diagnosis related group (Medicare Severity Adjusted or "MSDRG") system. These rates vary according to patient classification, clinical diagnosis, and other factors. Certain defined medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Inpatient capital costs are paid at prospectively determined rates as a component of the MSDRG payment. Certain Medicare outpatient services are paid based on APCs ("Ambulatory Payment Classifications"), the outpatient equivalent of MSDRGs. Other outpatient Medicare services are paid under a Medicare fee schedule and certain therapy charges are exempt from this payment method. WakeMed is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by WakeMed and audits thereof by the Medicare fiscal intermediary. Medicare cost reports for WakeMed Raleigh Campus and WakeMed Cary Hospital have been audited by the fiscal intermediary for cost report years through September 30, 2006.

Medicaid - The North Carolina Department of Health and Human Services Division of Medical Assistance ("DMA") pays hospitals a prospectively determined rate per discharge using a MSDRG system similar to Medicare for inpatient services. Outpatient services are paid an interim rate at the time of service with settlement occurring when the hospital files its annual cost report with DMA. WakeMed's Medicaid cost reports are audited by the Medicaid intermediary as part of the Medicaid audit program. Medicaid cost reports for WakeMed Raleigh Campus have been audited for cost report years through September 30, 2005, 2008, 2009, and 2010. Medicaid cost reports for WakeMed Cary Hospital have been audited for cost report years through September 30, 2010.

WakeMed receives additional Medicaid payment through the North Carolina Medicaid Reimbursement Initiative Program. WakeMed recognized \$17,657 and \$33,388, of Medicaid Reimbursement Initiative funds as net patient service revenue during the years ended September 30, 2012 and 2011 respectively. At September 30, 2012 and 2011, WakeMed reserved Medicaid Reimbursement Initiative payments received of \$1,501 and \$1,555, respectively, which are included in due to third-party payors in the accompanying combined balance sheets.

In addition to the above, Medicaid began making supplemental Equity payments for inpatient and outpatient services and Upper Payment Limit ("UPL") payments for inpatient services. The Equity payment represents the difference in the projected cost of services to Medicaid eligible patients and the amount of the payments received from the regular Medicaid Program and the Medicaid Reimbursement Initiative Program. The amount of the UPL payment is the calculated difference between what Medicare would pay for the inpatient services rendered to Medicaid patients and what Medicaid otherwise pays. The effective date for the start of the Equity and UPL payments is January 1, 2011; however, the Federal Approval of the Medicaid State Plan Amendment did not occur until March of 2012. WakeMed participated in an assessment process authorized by the North Carolina General Assembly to support the nonfederal share of the payments.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 3 PATIENT SERVICE REVENUE, NET (CONTINUED)

The following table summarizes the benefit recognized by WakeMed related to these plans for the years ended September 30, 2012 and 2011:

| | 2012 | 2011 |
|--------------------------------|------------------|-------------|
| <u>Plan Year - 2011</u> | | |
| UPL Payment | \$ 32,284 | \$ - |
| Assessment Expense | 14,585 | - |
| Net Benefit | <u>17,699</u> | <u>-</u> |
| <u>Plan Year - 2012</u> | | |
| UPL Payment | 53,316 | - |
| Assessment Expense | 21,425 | - |
| Net Benefit | <u>31,891</u> | <u>-</u> |
| Total Net Benefit | 49,590 | - |
| Reserve for Future Settlements | <u>(2,140)</u> | <u>-</u> |
| Total Benefit Recognized | <u>\$ 47,450</u> | <u>\$ -</u> |

At September 30, 2012 WakeMed reserved Equity and UPL payments received of \$2,140, which are included in due to third-party payors in the accompanying combined balance sheets.

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

For the years ended September 30, 2012 and 2011, net patient revenue increased by \$4,313 and \$10,569, respectively, as a result of changes in various third-party accruals and reserves.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that WakeMed is in substantial compliance with the numerous government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management is proactively monitoring compliance with these matters through its Corporate Compliance Program to mitigate the inherent risks of operating in the health care industry. An annual assessment of the effectiveness of the Corporate Compliance Program is conducted and presented to the Board of Directors.

WAKEMED
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NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

WakeMed's cash and cash equivalents and certain investments are placed in federally insured domestic banks which limit the amount of credit exposure. At September 30, 2012 and 2011, WakeMed's deposits had carrying values of \$131,438 and \$161,808, respectively, and bank balances of \$137,104 and \$170,948, respectively. Of the bank balances, \$1,324 was covered by federal depository insurance at September 30, 2012 and \$1,216 at September 30, 2011.

Investments

At September 30, 2012, WakeMed's investments consisted of the following:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 1 Year</u> | <u>1-3 Years</u> | <u>4 or More Years</u> |
|----------------------------------------------------------------|-------------------|-----------------------------|-------------------|----------------------------|
| U S Government Securities | \$ 177,316 | \$ 7,737 | \$ 61,509 | \$ 108,070 |
| Equity Securities | 73,234 | 73,234 | - | - |
| Corporate Debt Securities | 272,160 | 96,404 | 85,459 | 90,297 |
| Money Market Funds | 307 | 307 | - | - |
| Total | 523,017 | <u>\$ 177,682</u> | <u>\$ 146,968</u> | <u>\$ 198,367</u> |
| Less, Long-Term Investments | (88,218) | | | |
| Less, Internally Designated for Assets Whose Use is Limited | <u>(37,025)</u> | | | |
| Short-Term Investments | <u>\$ 397,774</u> | | | |

At September 30, 2011, WakeMed's investments consisted of the following:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 1 Year</u> | <u>1-3 Years</u> | <u>4 or More Years</u> |
|----------------------------------------------------------------|-------------------|-----------------------------|-------------------|----------------------------|
| U S Government Securities | \$ 139,959 | \$ 8,344 | \$ 26,164 | \$ 105,451 |
| Equity Securities | 57,196 | 57,196 | - | - |
| Corporate Debt Securities | 276,300 | 88,243 | 108,395 | 79,662 |
| Money Market Funds | 62 | 62 | - | - |
| Total | 473,517 | <u>\$ 153,845</u> | <u>\$ 134,559</u> | <u>\$ 185,113</u> |
| Less, Long-Term Investments | (57,196) | | | |
| Less, Internally Designated for Assets Whose Use is Limited | <u>(45,997)</u> | | | |
| Short-Term Investments | <u>\$ 370,324</u> | | | |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Long-term investments are comprised of equity securities and debt instruments with maturities in excess of one year that are intended to be held until maturity. All other investments are classified as short-term investments.

Interest Rate Risk - The WakeMed Cash and Investment Policy provides for the impact of interest fluctuations by utilizing a diversified portfolio of cash and cash equivalents, fixed income and equity investments.

Credit Risk - The WakeMed Cash and Investment Policy requires Corporate bonds and notes must be at least Baa3 (or the equivalent rating) by at least two of the three major rating organizations (Moody's, Standard and Poor's and Fitch) when purchased. CMOs must be rated AAA (or equivalent) by at least two of the three major rating organizations. The average quality of the Portfolio must be A or higher. The use of any derivative financial instrument is not allowed without written permission of the Board, and the Policy specifically excludes certain derivative securities. Stocks are invested in a passive strategy utilizing a Standard and Poor's 500 replication fund.

Concentration of Credit Risk - The WakeMed Cash and Investment Policy balances WakeMed's portfolio by distributing assets in the following manner. Cash and cash equivalents 15%, fixed income 78% and equity 7% thus limiting credit risk in any one portfolio. WakeMed also imposes allocation and weighting restrictions within its fixed income portfolio to further reduce exposure.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect WakeMed's investment balance reported in the combined balance sheets.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets Whose Use is Limited

The composition of assets whose use is limited, stated at fair value at September 30, 2012 and 2011, is set forth in the following table:

| | 2012 | 2011 |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
| Series 2001, 2009, and 2012A Bonds for Principal and Interest Payments | | |
| Cash and Cash Equivalents | \$ 8,621 | \$ 13,406 |
| Internally Designated | 4,568 | 4,027 |
| | <u>13,189</u> | <u>17,433</u> |
| Series 2012A Bond Proceeds Held by Trustee for Reimbursement of Issuance Costs | | |
| Cash and Cash Equivalents | 613 | - |
| | <u>613</u> | <u>-</u> |
| Series 2009 Bond Proceeds Held by Trustee for Debt Service Reserve Fund | | |
| U S Government Securities | - | 11,945 |
| Under Medical Malpractice and Workers' Compensation Self-Insurance Funding Arrangements - Held by Trustee | | |
| U S Government Securities | 22,607 | 26,619 |
| Corporate Bonds | 10,478 | |
| Cash and Cash Equivalents | 5,473 | 4,556 |
| Accrued Interest Receivable | 179 | 212 |
| | <u>38,737</u> | <u>31,387</u> |
| Donor and Other Restricted | | |
| U S Government Securities | 281 | 196 |
| Cash and Cash Equivalents | 3,200 | 1,419 |
| Accrued Interest Receivable | 1 | 1 |
| Total Restricted | <u>3,482</u> | <u>1,616</u> |
| Internally Designated | 32,457 | 41,970 |
| | <u>35,939</u> | <u>43,586</u> |
| Total Assets Whose Use is Limited | 88,478 | 104,351 |
| Less, Portion Required for Current Liabilities | (13,189) | (17,433) |
| | <u>\$ 75,289</u> | <u>\$ 86,918</u> |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Investment income on investments and assets whose use is limited by the Board and under self-insurance arrangements for the years ended September 30, 2012 and 2011 consisted of the following:

| | 2012 | 2011 |
|-----------------------------------------------|------------------|------------------|
| Interest and Dividend Income | \$ 13,930 | \$ 14,393 |
| Realized Gains on Sale of Investments, Net | 4,489 | 1,174 |
| Unrealized Gains (Losses) on Investments, Net | 13,639 | (5,314) |
| | <u>\$ 32,058</u> | <u>\$ 10,253</u> |

NOTE 5 ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by WakeMed at September 30, 2012 and 2011 consisted of these amounts

| | 2012 | 2011 |
|-------------------------------------------------|-------------------|-------------------|
| <u>Patient Accounts Receivable</u> | | |
| Receivable from Patients and Their Insurance | \$ 110,207 | \$ 83,366 |
| Receivable from Medicare | 42,025 | 44,126 |
| Receivable from Medicaid | 38,976 | 42,056 |
| | <u>191,208</u> | <u>169,548</u> |
| Less Allowance for Uncollectible Accounts | (56,328) | (48,516) |
| Patient Accounts Receivable, Net | <u>\$ 134,880</u> | <u>\$ 121,032</u> |
| <u>Accounts Payable and Accrued Liabilities</u> | | |
| Payable to Employees (Including Payroll Taxes) | \$ 89,753 | \$ 70,101 |
| Payable to Suppliers | 44,315 | 40,116 |
| Other | 18,943 | 23,279 |
| Total Accounts Payable and Accrued Liabilities | <u>\$ 153,011</u> | <u>\$ 133,496</u> |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the years ended September 30, 2012 and 2011 is as follows.

| | Balance September 30, 2011 | Additions | (see Note) Retirements/ Transfers | Balance September 30, 2012 |
|--------------------------------|----------------------------------|------------------|-----------------------------------------|----------------------------------|
| Land and Land Improvements | \$ 34,471 | \$ 7,263 | \$ (420) | \$ 41,314 |
| Buildings | 632,285 | 18,878 | (7,246) | 643,917 |
| Equipment | 607,794 | 74,178 | (22,019) | 659,953 |
| Construction-in-Progress | 26,731 | 54,769 | (61,492) | 20,008 |
| | <u>1,301,281</u> | <u>155,088</u> | <u>(91,177)</u> | <u>1,365,192</u> |
| Less, Accumulated Depreciation | (712,365) | (66,175) | 20,625 | (757,915) |
| | <u>\$ 588,916</u> | <u>\$ 88,913</u> | <u>\$ (70,552)</u> | <u>\$ 607,277</u> |

Note 2012 Retirements include \$8.4 million in net assets related the sale of interest in Blue Ridge GP

| | Balance September 30, 2010 | Additions | Retirements/ Transfers | Balance September 30, 2011 |
|--------------------------------|----------------------------------|------------------|---------------------------|----------------------------------|
| Land and Land Improvements | \$ 33,111 | \$ 1,406 | \$ (46) | \$ 34,471 |
| Buildings | 624,750 | 11,821 | (4,286) | 632,285 |
| Equipment | 580,524 | 37,116 | (9,846) | 607,794 |
| Construction-in-Progress | 18,600 | 37,592 | (29,461) | 26,731 |
| | <u>1,256,985</u> | <u>87,935</u> | <u>(43,639)</u> | <u>1,301,281</u> |
| Less, Accumulated Depreciation | (663,564) | (62,409) | 13,608 | (712,365) |
| | <u>\$ 593,421</u> | <u>\$ 25,526</u> | <u>\$ (30,031)</u> | <u>\$ 588,916</u> |

Depreciation expense on property and equipment recorded during the years ended September 30, 2012 and 2011 was \$66,502 and \$62,751, respectively.

Net capitalized interest expense of \$970 and \$671 for the years ended September 30, 2012 and 2011, respectively, was included in the cost of capital projects.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 7 LONG-TERM DEBT

Long-term debt at September 30, 2012 and 2011 consisted of the following:

| | <u>2012</u> | <u>2011</u> |
|---------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 2001 Current Interest Term Bonds, Maturing from October 1, 2021 to October 1, 2032, with Interest Rates Ranging from 5.16% to 5.25% | \$ - | \$ 124,895 |
| 2001 Current Interest Serial Bonds, Maturing from October 1, 2007 to October 1, 2016, with Interest Rates Ranging from 4.20% to 5.00% | - | 16,345 |
| 2009A Fixed Rate Serial Bonds, Maturing from October 1, 2010 to October 1, 2019, with Interest Rates Ranging from 2.40% to 4.25% | - | 31,070 |
| 2009A Fixed Rate Term Bonds, Maturing from October 1, 2020 to October 1, 2038, with Interest Rates Ranging from 5.625% to 5.875% | - | 135,780 |
| 2009B Variable Rate Bonds, Maturing from October 1, 2033 to October 1, 2038 | 75,000 | 75,000 |
| 2009C Variable Rate Refunding Bonds, Maturing from October 1, 2010 to October 1, 2026 | 74,415 | 78,240 |
| 2012A Serial Bonds, Maturing October 1, 2012 to October 1, 2023 with Interest Rates Ranging from 2.00% to 5.00% | 86,030 | - |
| 2012A Term Bonds, Maturing October 1, 2024 to October 1, 2038 with Interest Rates Ranging from 4.00% to 5.00% | 208,810 | - |
| Other | 13,662 | 6,742 |
| | <u>457,917</u> | <u>468,072</u> |
| Plus (Less), Unamortized Premium (Discount), Net | 20,679 | (3,440) |
| Less, Deferred Loss on Refunding, Net | (34,208) | (2,543) |
| Less, Current Maturities | <u>(21,476)</u> | <u>(21,572)</u> |
| | <u>\$ 422,912</u> | <u>\$ 440,517</u> |

Effective July 11, 2012, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$294,840 of Health Care Facilities Revenue Refunding Bonds, Series 2012A ("Series 2012A Bonds"). The proceeds, together with other available funds, were used to refund the outstanding Series 2001 and 2009A Serial and Term Bonds. The 2001 Bonds were subsequently redeemed on July 25, 2012 and the 2009A Bonds were defeased by placing funds in an irrevocable escrow fund to provide for all future debt service payments. Accordingly, the escrow fund assets and the liability for the defeased bonds are not included in the accompanying combined financial statements.

Effective July 16, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$81,780 of Health Care Facilities Revenue Refunding Bonds, Series 2009C ("Series 2009C Bonds"). The proceeds, together with other available funds, were used to refund the outstanding Series 1997 Serial and Term Bonds.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Effective February 20, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$169,750 of Health Care Facilities Revenue Bonds, Series 2009A ("Series 2009A Bonds") and \$75,000 of Health Care Facilities Revenue Bonds, Series 2009B ("Series 2009B Bonds"). The proceeds were used to finance the construction of certain capital additions as defined in the Bond Orders. The Series 2009A Bonds were defeased by the 2012A Bonds in July 2012.

Effective April 5, 2001, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$150,000 of Health Care Facilities Revenue Bonds, Series 2001 ("Series 2001 Bonds"). The proceeds have been used to finance the construction of certain fixed assets as defined in the Series 2001 Bond Order. The Series 2001 Bonds were refunded by the 2012A Bonds and redeemed in July 2012. The deferred loss of \$7,843 is being amortized over the remaining life of the 2001 Bonds at the refunding date.

The Series 2009B, 2009C and 2012A Bonds are collateralized solely by the accounts of WakeMed, the Faculty Practice, and Property Services (collectively, the "Obligated Group") and all proceeds thereof. The master trust indenture requires the Obligated Group to, among other things, set rates at a level that will provide a certain long-term debt service coverage ratio (as defined in the master trust indenture). The trust agreement provides for future mandatory sinking fund redemptions and the maintenance of certain fund accounts. As of September 30, 2012 and 2011, management believes the Obligated Group was in compliance with such covenants.

At September 30, 2012 and 2011, \$236,239 and \$56,166, respectively, of bonds outstanding were considered defeased. The Series 1988 Bonds defeasance resulted in a loss of approximately \$5,832 which was fully recognized during fiscal year 1998. The Series 1993 Bonds defeasance resulted in a gain of approximately \$1,593 and the unamortized portion of approximately \$933 was fully recognized upon the refunding of the Series 1997 Bonds. WakeMed incurred a loss of approximately \$2,924 on the Series 1997 refunding which is being deferred and amortized over the lives of the 2009C Revenue Refunding Bonds. WakeMed's Series 2012A Bonds were issued in part to defease its outstanding 2009A Bonds which resulted in a loss of \$24,321 that is being deferred and amortized over the remaining lives of the 2012A Bonds.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

WakeMed completed the 1997 Bond refunding to reduce total debt service payments over the next 18 years. The estimate, provided by the underwriter prior to issue was based on an average interest rate of 3.17% and Letter of Credit and Remarketing fees of 1.06%, and provided an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$5,634. The actual weighted average interest rate for 2012 and 2011 was 0.15% and 0.21%, respectively. On October 20, 2011 WakeMed and Wells Fargo signed new Letter of Credit and Marketing Letter Agreements, which reduced fees from 1.16% in 2011 to 1.06% and extended WakeMed's Letter of Credit until 2014.

WakeMed completed the 2001 and 2009A Bond refundings to reduce total debt service payments over the next 26 years. The estimate, provided by the underwriter prior to issue was based on an average interest rate of 4.65% and provided an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$18,811.

A summary of changes in long-term debt for the years ended September 30, 2012 and 2011 is below. Payments in 2012 include the \$302,665 Refunding of Fixed Rate Revenue Bonds and \$5,576 reduction in Capital Leases from WakeMed's sale of its interest in Blue Ridge GP.

| | Balance September 30, 2011 | Additions | Payments | Balance September 30, 2012 |
|---------------------------------------|----------------------------------|-------------------|---------------------|----------------------------------|
| Fixed Rate Revenue Bonds | \$ 308,090 | \$ - | \$ (308,090) | \$ - |
| Fixed Rate Revenue Refunding Bonds | - | 294,840 | - | 294,840 |
| Variable Rate Revenue Bonds | 75,000 | - | - | 75,000 |
| Variable Rate Revenue Refunding Bonds | 78,240 | - | (3,825) | 74,415 |
| Other | 6,742 | 13,505 | (6,585) | 13,662 |
| | <u>\$ 468,072</u> | <u>\$ 308,345</u> | <u>\$ (318,500)</u> | <u>\$ 457,917</u> |
| | Balance September 30, 2010 | Additions | Payments | Balance September 30, 2011 |
| Fixed Rate Revenue Bonds | \$ 313,330 | \$ - | \$ (5,240) | \$ 308,090 |
| Variable Rate Revenue Bonds | 75,000 | - | - | 75,000 |
| Variable Rate Revenue Refunding Bonds | 81,780 | - | (3,540) | 78,240 |
| Other | 1,685 | 5,458 | (401) | 6,742 |
| | <u>\$ 471,795</u> | <u>\$ 5,458</u> | <u>\$ (9,181)</u> | <u>\$ 468,072</u> |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Scheduled future debt service requirements of long-term debt for years subsequent to September 30, 2012 are as follows.

| | Series 2009B Bonds | Series 2009C Bonds | Series 2012A Bonds | Other | Total Principal | Interest Payments | Total Debt Service |
|-----------|--------------------------|--------------------------|--------------------------|------------------|--------------------|----------------------|-----------------------|
| 2013 | \$ - | \$ 3,650 | \$ 5,635 | \$ 899 | \$ 10,184 | \$ 3,953 | \$ 14,137 |
| 2014 | - | 3,950 | 5,955 | 1,083 | 10,988 | 14,217 | 25,205 |
| 2015 | - | 4,095 | 6,090 | 1,198 | 11,383 | 14,013 | 25,396 |
| 2016 | - | 4,250 | 6,295 | 1,290 | 11,835 | 13,734 | 25,569 |
| 2017 | - | 4,515 | 6,570 | 1,003 | 12,088 | 13,408 | 25,496 |
| 2018-2022 | - | 24,480 | 37,750 | 6,069 | 68,299 | 61,187 | 129,486 |
| 2023-2027 | - | 29,475 | 47,740 | 2,120 | 79,335 | 49,807 | 129,142 |
| 2028-2032 | - | - | 100,600 | - | 100,600 | 32,766 | 133,366 |
| 2033-2037 | 48,365 | - | 58,285 | - | 106,650 | 11,160 | 117,810 |
| 2038-2039 | 26,635 | - | 19,920 | - | 46,555 | 1,317 | 47,872 |
| | <u>\$ 75,000</u> | <u>\$ 74,415</u> | <u>\$ 294,840</u> | <u>\$ 13,662</u> | <u>\$ 457,917</u> | <u>\$ 215,562</u> | <u>\$ 673,479</u> |

Financial Statement Classification of Variable Rate Demand Bonds

The Series 2009B and 2009C Bonds are variable rate demand bonds. The interest rates on these bonds are indexed to a current short-term market rate. In addition, a demand feature allows the bondholders to give seven days' notice to require the bonds be remarketed at par value plus accrued interest. In the unlikely event remarketing fails, WakeMed can draw upon an irrevocable Letter of Credit with a financial institution to repay the bondholders. The current Letter of Credit expires on October 20, 2014. If WakeMed draws on the Letter of Credit, it will be obligated under the Reimbursement and Security Agreement to repay each tender advance, including interest at the Tender Advance Rate, as defined (approximately 6.25% at September 30, 2012) in ten semi-annual payments, beginning 180 days after the date the tender advance is made. Any remaining unpaid balance will be due upon the earlier of the first anniversary of the Letter of Credit termination date, or, if applicable, the date the bonds are remarketed. In accordance with U.S. generally accepted accounting principles, maturities of the 2009B and 2009C variable rate demand bonds are reported in the combined balance sheet under the Reimbursement and Security Agreement as follows:

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Financial Statement Classification of Variable Rate Demand Bonds (continued)

| | Series 2009B Bonds | Series 2009C Bonds | Series 2012A Bonds | Other | Total Principal | Interest Payments | Total Debt Service |
|-----------|--------------------------|--------------------------|--------------------------|-----------------|--------------------|----------------------|-----------------------|
| 2013 | \$ 7,500 | \$ 7,442 | \$ 5,635 | \$ 899 | \$ 21,476 | \$ 11,731 | \$ 33,207 |
| 2014 | 15,000 | 14,883 | 5,955 | 1,083 | 36,921 | 21,475 | 58,396 |
| 2015 | 15,000 | 14,883 | 6,090 | 1,198 | 37,171 | 19,409 | 56,580 |
| 2016 | 37,500 | 37,207 | 6,295 | 1,290 | 82,292 | 15,868 | 98,160 |
| 2017 | - | - | 6,570 | 1,003 | 7,573 | 13,215 | 20,788 |
| 2018-2022 | - | - | 37,750 | 6,069 | 43,819 | 60,327 | 104,146 |
| 2023-2027 | - | - | 47,740 | 2,120 | 49,860 | 49,153 | 49,153 |
| 2028-2032 | - | - | 100,600 | - | 100,600 | 32,204 | 32,204 |
| 2033-2037 | - | - | 58,285 | - | 58,285 | 10,777 | 10,777 |
| 2038-2039 | - | - | 19,920 | - | 19,920 | 1,296 | 1,296 |
| | <u>\$ 75,000</u> | <u>\$ 74,415</u> | <u>\$294,840</u> | <u>\$13,662</u> | <u>\$457,917</u> | <u>\$235,455</u> | <u>\$464,707</u> |

NOTE 8 PENSION AND CONTRIBUTION PLANS

Retirement Pension Plan

WakeMed has a noncontributory, defined benefit pension plan (the "Plan") covering all employees who are 20.5 years of age and have completed 6 months of employment. WakeMed's funding policy is based upon actuarially calculated amounts to fund normal pension costs and any unfunded accrued liability. The Plan is considered a governmental entity under Section 401(a) of the Internal Revenue Code of 1954. As such, accounting and reporting for the Plan is governed by GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

The Plan was frozen effective December 31, 2010. All active employed participants as of this date were vested immediately. No further compensation will be recognized after December 31, 2010.

The annual required contribution was computed as part of an actuarial valuation performed as of January 1, 2012 using the frozen entry age cost method. Significant actuarial assumptions used in the 2012 and 2011 valuations include the following:

| | 2012 | 2011 |
|-------------------------------|----------------------------------|----------------------------------|
| Discount Rate | 7% | 7% |
| Rate of Return on Plan Assets | 7% | 7% |
| Mortality | Section 430(h)(3)(A) of IRS Code | Section 430(h)(3)(A) of IRS Code |
| Projected Salary Increases | 0.0% | 0.0% |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 8 PENSION AND CONTRIBUTION PLANS (CONTINUED)

Retirement Pension Plan (continued)

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA) and GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years.

The annual pension cost and net pension obligation were as follows for the years ended September 30, 2012 and 2011:

| | 2012 | 2011 |
|---------------------------------------------------|-----------------|---------------|
| Annual Pension Cost | \$ (347) | \$ (12,113) |
| Contributions Made | 1,851 | 11,138 |
| Increase (Decrease) in Prepaid Pension Obligation | 1,504 | (975) |
| Prepaid Pension Obligation: | | |
| Beginning of Year | 1,296 | 1,899 |
| End of Year | <u>\$ 2,800</u> | <u>\$ 924</u> |

Three-year Trend Information:

| | Annual Pension Cost | Actual Contributions | Actual Contributions as a percentage of Annual Pension Cost | Net Pension Asset |
|------|---------------------------|-------------------------|-------------------------------------------------------------------|-------------------------|
| 2010 | \$ 12,493 | \$ 12,191 | 98% | \$ 1,899 |
| 2011 | 12,113 | 11,138 | 92% | 924 |
| 2012 | 347 | 1,851 | 533% | 2,800 |

As of January 1, 2012, the most recent actuarial date, the Plan was 107.64% funded on an accounting basis. The actuarial accrued liability for benefits was \$116,988 and the actuarial value of assets was \$125,923, resulting in an unfunded actuarial accrued liability of \$(8,935). The covered payroll (annual payroll of employees covered by the Plan) was \$0 due to the plan freeze as of December 31, 2010.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Combined Financial Statements, presents multi-year trend information about whether the actuarial value of assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 8 PENSION AND CONTRIBUTION PLANS (CONTINUED)

Retirement Savings Plan

WakeMed has a contributory, defined contribution retirement plan (the "Retirement Plan"), which covers all employees who have worked a minimum of 1,000 hours per year as defined in the Retirement Plan. WakeMed matched 50% of the participant's contributions up to 6% of the participant's salary beginning January 1, 2011.

WakeMed contributed approximately \$8,527 and \$5,907 to the Retirement Plan in fiscal years 2012 and 2011, respectively. WakeMed employees contributed approximately \$23,997 and \$19,633 in fiscal years 2012 and 2011, respectively. All costs are funded as accrued, and participants are 100% vested in the contributions to the Retirement Plan from WakeMed after three calendar years of service with a minimum of 1,000 hours worked in each year.

During 2012, WakeMed added an automatic employer contribution of 3% of each employee's annual salary to the Retirement Savings Plan. WakeMed contributed \$10,603 to the plan in fiscal year 2012. The same vesting requirement must be met as for WakeMed match contribution.

457(f) Deferred Compensation Plan

During 2012 WakeMed initiated an unfunded defined contribution 457(f) deferred compensation plan for the physicians and executives. Depending on the extent to which certain fiscal and personal performance goals are met, WakeMed makes a contribution of a percentage up to 4%, as determined by the Board, of the eligible employee's salary each year. All costs are unfunded and participants become 100% vested in each annual contribution and related earnings at the earliest of February 1 following the 4th anniversary or for all years of contributions as of the normal retirement date, death or separation due to disability or separation without cause. WakeMed contributed \$1,612 related to calendar year 2011 and accrued \$1,670 related to calendar year 2012, which is included in salaries, wages and employee benefits in the accompanying combined statements of revenues, expenses and changes in net assets for the year ended September 30, 2012.

NOTE 9 GAIN SHARE PROGRAM

WakeMed provides a gain share program ("WakeShare") for employees meeting certain requirements. WakeShare encourages process improvements and cost savings within the organization. Depending on the extent to which certain financial, customer satisfaction and quality outcome goals are met, each eligible employee earns up to 2% of payroll earnings per goal. WakeMed met at least a portion of each goal in 2012 and 2011 and recorded WakeShare expense of approximately \$15,708 and \$12,308 which is included in salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net assets for the years ended September 30, 2012 and 2011, respectively.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 10 RISK MANAGEMENT

WakeMed is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. WakeMed is self-insured for medical malpractice and workers' compensation up to the various limits discussed below. WakeMed has purchased commercial insurance to cover losses exceeding the self-insurance limits

Estimated Malpractice Costs

WakeMed is self-insured for medical malpractice risks up to \$4,000 per claim, \$17,000 aggregate and \$2,000/\$2,000 buffer on a claims-made basis. In addition, WakeMed has excess coverage policies, which are limited to annual costs of \$75,000. Effective October 1, 2007, the Faculty Practice physicians were included in the self-insured coverage

Losses from asserted claims and from unasserted claims identified under WakeMed's incident reporting system, and possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system, are accrued based on estimates that incorporate WakeMed's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Such estimates are prepared by an independent actuary. Accrued malpractice losses have been discounted at a rate of 2.1% and 2.1% in fiscal years 2012 and 2011, respectively.

The following is a summary of the activity in the liability for medical malpractice claims. These amounts are included in other noncurrent liabilities in the accompanying combined balance sheets for the years ended September 30, 2012 and 2011.

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|------|------------------------------|------------------|-------------------|---------------------------|
| 2012 | <u>\$ 20,577</u> | <u>\$ 5,248</u> | <u>\$ (4,737)</u> | <u>\$ 21,088</u> |
| 2011 | <u>\$ 19,011</u> | <u>\$ 4,461</u> | <u>\$ (2,895)</u> | <u>\$ 20,577</u> |

Undiscounted estimated malpractice losses were \$22,520 and \$21,675 at September 30, 2012 and 2011, respectively.

During 2011, WakeMed moved the balance from the existing revocable trust fund, for the payment of medical malpractice claim settlements, to a captive insurance policy (see Note 2). The Dogwood Captive will enable WakeMed direct access to reinsurers, provision of broader coverage and intergration with an overall risk management plan. Independent actuaries were retained to assist WakeMed with determining amounts to be transferred to the Dogwood Captive.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 10 RISK MANAGEMENT (CONTINUED)

Workers' Compensation

WakeMed is self-insured for workers' compensation claims with an excess coverage (stop-loss) policy that covers annual workers' compensation claims in excess of retentions of \$500 per claim and \$5,000 for all aggregate claims, with excess coverage of \$1,000 per claim and \$5,000 aggregate. WakeMed has utilized independent actuaries to estimate the ultimate cost of the self-insurance portion of the settlement of such claims. WakeMed's workers' compensation liability recorded within accounts payable and accrued liabilities in the accompanying combined balance sheets was \$5,847 and \$4,233, at September 30, 2012 and 2011, respectively. Workers' compensation expense recorded within salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net assets for the years ended September 30, 2012 and 2011 was \$2,105 and \$2,423, respectively

NOTE 11 CONCENTRATIONS OF CREDIT RISK

WakeMed provides services primarily to the residents of Wake and surrounding counties without collateral or other proof of ability to pay. Concentrations of credit risk with respect to patient accounts receivable are limited due to the large number of patients served and the formalized agreements with third-party payors (see Note 3). WakeMed has significant gross patient accounts receivable (approximately 45% and 48%, respectfully, in 2012 and 2011) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and Medicaid. Management does not believe there are significant credit risks associated with these governmental programs. With respect to the self-pay portion of patient accounts receivable, an allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables.

The allowance is based on historical collection experience and a review of the current status of the existing receivables. As of September 30, 2012 and 2011, WakeMed's gross patient accounts receivable consisted of the following payors:

| | <u>2012</u> | <u>2011</u> |
|--------------|--------------|--------------|
| Managed Care | 21 % | 20 % |
| Medicare | 26 | 26 |
| Medicaid | 19 | 22 |
| Patients | 24 | 21 |
| Commercial | 3 | 3 |
| Other | 7 | 8 |
| | <u>100 %</u> | <u>100 %</u> |

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 12 COMMITMENTS AND CONTINGENCIES

At September 30, 2012, WakeMed had contractual commitments of approximately \$13.8 million for the construction and renovation of various facilities, 46% of which is for the Raleigh Campus Central Plant equipment replacement and North Hospital design.

WakeMed utilizes operating leases for various types of equipment and facilities. Rental expense relating to these leases was \$7,774 and \$6,265 in fiscal years 2012 and 2011, respectively. At September 30, 2012, future minimum lease payments due under operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

| <u>Year Ending September 30,</u> | |
|----------------------------------|------------------|
| 2013 | \$ 4,477 |
| 2014 | 3,865 |
| 2015 | 3,711 |
| 2016 | 3,193 |
| 2017 | 2,619 |
| 2018 - 2022 | 4,795 |
| | <u>\$ 22,660</u> |

Self-Insured Health Insurance

WakeMed self-insures its employees' health and dental plan. It has contracted with administrative service companies to supervise and administer the programs and act as its representative. Provisions for expected future payments are accrued based on WakeMed's experience and include amounts for claims filed and claims incurred but not reported.

NOTE 13 THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The Health Insurance Portability and Accountability Act ("HIPAA") was enacted August 21, 1996 to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations were required to be in compliance with certain HIPAA provisions beginning April 2003. Organizations are subject to fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management has evaluated the impact of this legislation on its operations and has implemented necessary changes to information systems and to operational processes to comply with the legislation. Implemented processes include provisions to comply with the Health Information Technology for Economic and Clinical Health (HITECH) Act.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(IN THOUSANDS)

NOTE 14 MINIMUM FUTURE RENTAL INCOME ON NONCANCELABLE OPERATING LEASES

WakeMed and Property Services lease office and retail space in WakeMed Clayton Medical Park in Johnston County and the WakeMed Heart Center to professional associations under various lease terms. Property Services also leases land in Wake County to developers for the Raleigh Medical Park, Brier Creek Healthplex and Physicians Office Pavilion Medical Building adjacent to WakeMed North Healthplex. The minimum future rental income on noncancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

| <u>Year Ending September 30,</u> | |
|----------------------------------|-----------------|
| 2013 | \$ 664 |
| 2014 | 645 |
| 2015 | 351 |
| 2016 | 314 |
| 2017 | 256 |
| 2018 - 2022 | 281 |
| | <u>\$ 2,511</u> |

NOTE 15 RESTRICTED NET ASSETS

Donor restricted net assets as of September 30, 2012 and 2011 are restricted for the following purposes:

| | <u>2012</u> | <u>2011</u> |
|------------------------|------------------|------------------|
| Indigent Care Programs | \$ 259 | \$ 51 |
| Children's Programs | 10,008 | 4,298 |
| Education Programs | 535 | 552 |
| Patient Care Programs | 22,612 | 18,164 |
| Endowment Funds | 1,868 | 1,198 |
| | <u>\$ 35,282</u> | <u>\$ 24,263</u> |

SUPPLEMENTARY INFORMATION

WAKEMED
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
RETIREMENT PENSION PLAN
SEPTEMBER 30, 2012
(IN THOUSANDS)

| Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (a - b) | Funded Ratio (a / b) | Covered Payroll (c) | Unfunded AAL as Percent of Covered Payroll ((b - a) / c) |
|-----------------------|--------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------|-------------------------------------|------------------------------------|---------------------------------------------------------------------------------|
| January 1, 2012 | \$ 125,923 | \$ 116,988 | \$ (8,935) | 107.64 % | N/A | N/A % |
| January 1, 2011 | 127,252 | 118,221 | (9,031) | 107.64 | N/A | N/A |
| January 1, 2010 | 120,262 | 123,078 | 2,816 | 97.71 | 371,045 | 0.76 |
| January 1, 2009 | 102,238 | 105,312 | 3,074 | 97.08 | 389,618 | 0.79 |
| January 1, 2008 | 111,806 | 115,121 | 3,315 | 97.12 | 352,253 | 0.94 |
| January 1, 2007 | 98,056 | 100,102 | 2,046 | 97.96 | 324,955 | 0.63 |

WAKEMED
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(IN THOUSANDS)

| ASSETS | WakeMed | WakeMed Faculty Practice Plan | WakeMed Property Services | Eliminations | Combined Obligated Group | Wake Orthopaedics, LLC | Cardiac Innovations, LLC | WakeMed Foundation | Wake Specialty Physicians, LLC | CSAMS New Bern Avenue LLC | Eliminations | 2012 Combined | 2011 Combined |
|----------------------------------------------|--------------|----------------------------------------|---------------------------------|--------------|--------------------------------|------------------------------|--------------------------------|-----------------------|-----------------------------------------|------------------------------------|--------------|------------------|------------------|
| CURRENT ASSETS | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 123,709 | \$ (7) | \$ (375) | \$ - | \$ 123,327 | \$ 2,120 | \$ 74 | \$ 2,803 | \$ 3,114 | \$ - | \$ - | \$ 131,438 | \$ 161,808 |
| Short-Term Investments | 397,328 | - | - | - | 397,328 | - | - | 446 | - | - | - | 397,774 | 370,324 |
| Patient Accounts Receivable, Net | 126,653 | 3,087 | - | - | 129,740 | 1,779 | - | - | 3,361 | - | - | 134,880 | 121,032 |
| Other Receivables | 43,719 | (586) | 1,177 | - | 44,310 | 126 | 2 | 83 | (14,913) | - | (721) | 28,887 | 8,543 |
| Inventories | 19,130 | - | - | - | 19,130 | 92 | - | - | 43 | - | - | 19,265 | 18,985 |
| Prepaid Expenses and Other Current Assets | 8,742 | - | 791 | - | 9,533 | 118 | - | 6 | 2 | - | - | 9,659 | 7,764 |
| Assets Whose Use is Limited | 13,189 | - | - | - | 13,189 | - | - | - | - | - | - | 13,189 | 17,433 |
| Total Current Assets | 732,470 | 2,494 | 1,593 | - | 736,557 | 4,235 | 76 | 3,338 | (8,393) | - | (721) | 735,092 | 705,889 |
| CAPITAL ASSETS, NET | 520,060 | - | 81,620 | - | 601,680 | 1,075 | 16 | - | 3,980 | 526 | - | 607,277 | 588,916 |
| ASSETS WHOSE USE IS LIMITED, NET | 75,289 | - | - | - | 75,289 | - | - | - | - | - | - | 75,289 | 86,918 |
| OTHER ASSETS | | | | | | | | | | | | | |
| Long-Term Investments | 64,405 | - | - | - | 64,405 | - | - | 23,813 | - | - | - | 88,218 | 57,196 |
| Investment in Affiliates and Other Assets | 16,879 | - | 3,344 | - | 20,223 | - | - | 7,113 | 543 | 530 | 564 | 28,973 | 34,778 |
| Deferred Bond Financing Costs, Net | 4,238 | - | - | - | 4,238 | - | - | - | - | - | - | 4,238 | 10,878 |
| Prepaid Pension Obligation | 2,800 | - | - | - | 2,800 | - | - | - | - | - | - | 2,800 | 924 |
| Total Other Assets | 88,322 | - | 3,344 | - | 91,666 | - | - | 30,926 | 543 | 530 | 564 | 124,229 | 103,776 |
| Total Assets | \$ 1,416,141 | \$ 2,494 | \$ 86,557 | \$ - | \$ 1,505,192 | \$ 5,310 | \$ 92 | \$ 34,264 | \$ (3,870) | \$ 1,056 | \$ (157) | \$ 1,541,887 | \$ 1,485,499 |

WAKEMED
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2012
(IN THOUSANDS)

| LIABILITIES | WakeMed | WakeMed Faculty Practice Plan | WakeMed Property Services | Eliminations | Combined Obligated Group | Wake Orthopaedics, LLC | Cardiac Innovations, LLC | WakeMed Foundation | Wake Specialty Physicians, LLC | CSAMS New Bern Avenue LLC | Eliminations | 2012 Combined | 2011 Combined |
|------------------------------------------------------|--------------|----------------------------------------|---------------------------------|--------------|--------------------------------|------------------------------|--------------------------------|-----------------------|-----------------------------------------|------------------------------------|--------------|------------------|------------------|
| | | | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | | | |
| Current Maturities of Long-Term Debt | \$ 20,837 | \$ - | \$ 639 | \$ - | \$ 21,476 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,476 | \$ 21,572 |
| Accounts Payable and Accrued Liabilities | 150,215 | 232 | 179 | - | 150,626 | 1,192 | - | 132 | 1,784 | - | (723) | 153,011 | 133,496 |
| Due to Third-Party Payors | 33,597 | - | - | - | 33,597 | - | - | - | - | - | - | 33,597 | 42,918 |
| Deferred Revenue | 1,228 | - | 29 | - | 1,257 | - | - | - | - | - | - | 1,257 | 1,117 |
| Total Current Liabilities | 205,877 | 232 | 847 | - | 206,956 | 1,192 | - | 132 | 1,784 | - | (723) | 209,341 | 199,103 |
| LONG-TERM DEBT, LESS CURRENT MATURITIES | 411,159 | - | 11,753 | - | 422,912 | - | - | - | - | - | - | 422,912 | 440,517 |
| OTHER NONCURRENT LIABILITIES | 21,094 | - | 342 | - | 21,436 | 41 | - | 15 | 156 | - | - | 21,648 | 20,853 |
| NON-CONTROLLING INTEREST | - | - | - | - | - | - | - | - | - | - | - | - | 24,076 |
| Total Liabilities | 638,130 | 232 | 12,942 | - | 651,304 | 1,233 | - | 147 | 1,940 | - | (723) | 653,901 | 684,549 |
| NET ASSETS | | | | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 88,064 | - | 69,228 | - | 157,292 | 1,075 | 16 | - | 3,980 | 526 | - | 162,889 | 126,827 |
| Restricted by Donors | 1,165 | - | - | - | 1,165 | - | - | 34,117 | - | - | - | 35,282 | 24,263 |
| Restricted for Debt Service and Capital Purchases | 9,235 | - | - | - | 9,235 | - | - | - | - | - | - | 9,235 | - |
| Unrestricted | - | - | - | - | - | - | - | - | - | - | - | - | 25,352 |
| Total Net Assets | 679,547 | 2,262 | 4,387 | - | 686,196 | 3,002 | 76 | - | (9,790) | 530 | 566 | 680,580 | 624,508 |
| | 778,011 | 2,262 | 73,615 | - | 853,888 | 4,077 | 92 | 34,117 | (5,810) | 1,056 | 566 | 887,986 | 800,950 |
| Total Liabilities and Net Assets | \$ 1,416,141 | \$ 2,494 | \$ 86,557 | \$ - | \$ 1,505,192 | \$ 5,310 | \$ 92 | \$ 34,264 | \$ (3,870) | \$ 1,056 | \$ (157) | \$ 1,541,887 | \$ 1,485,499 |

WAKEMED
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012
(IN THOUSANDS)

| | WakeMed | WakeMed Facility Practice Plan | WakeMed Property Services | Eliminations | Combined Obligated Group | Wake Orthopaedics, LLC | Cardiac Innovations, LLC | Wakemed Foundation | Wake Specialty Physicians, LLC | Blue Ridge GP, LLC | CSAMS New Bern Avenue LLC | Eliminations | 2012 Combined | 2011 Combined |
|------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------|---------------------------------|--------------|--------------------------------|------------------------------|--------------------------------|-----------------------|-----------------------------------------|-----------------------------|------------------------------------|--------------|------------------|------------------|
| PATIENT SERVICE REVENUE, NET | \$ 967,831 | \$ 44,338 | \$ - | \$ - | \$ 1,012,169 | \$ 10,978 | \$ - | \$ - | \$ 24,386 | \$ 9,150 | \$ - | \$ - | \$ 1,056,683 | \$ 953,659 |
| OTHER OPERATING REVENUE | 23,164 | 1,011 | 11,096 | (8,540) | 26,731 | 1,815 | 12 | 9,319 | 464 | 35 | - | (6,321) | 32,056 | 24,656 |
| Total Operating Revenue | 990,995 | 45,349 | 11,096 | (8,540) | 1,038,900 | 12,794 | 12 | 9,319 | 24,850 | 9,185 | - | (6,321) | 1,088,739 | 978,315 |
| LABOR EXPENSES | | | | | | | | | | | | | | |
| Salaries, Wages and Employee Benefits | 541,736 | - | 477 | - | 542,213 | 3,539 | - | - | 15,538 | - | - | - | 561,290 | 494,708 |
| Contract Nursing | 2,832 | - | - | - | 2,832 | - | - | - | 32 | - | - | - | 2,864 | 374 |
| Other Contract Labor | 17,363 | - | - | - | 17,363 | 6,973 | - | - | 4,905 | 1,926 | - | (226) | 30,941 | 37,932 |
| Total Labor Expenses | 561,931 | - | 477 | - | 562,408 | 10,512 | - | - | 20,475 | 1,926 | - | (226) | 595,095 | 533,014 |
| OTHER OPERATING EXPENSES | | | | | | | | | | | | | | |
| Supplies, Purchased Services and Other | 304,255 | - | 10,043 | (8,540) | 305,758 | 2,275 | 2 | 877 | 7,668 | 2,678 | - | (3,969) | 315,289 | 269,451 |
| Professional Fees | 40,141 | - | 50 | - | 40,191 | 179 | - | - | 46 | 664 | - | (101) | 40,999 | 63,175 |
| Depreciation | 62,128 | - | 2,472 | - | 64,600 | 307 | 20 | - | 911 | 600 | 64 | - | 66,502 | 62,751 |
| Interest Expense | 15,568 | - | 342 | - | 15,910 | - | - | - | - | 83 | - | - | 15,993 | 16,454 |
| Total Other Operating Expenses | 422,092 | - | 12,907 | (8,540) | 426,459 | 2,761 | 22 | 877 | 8,625 | 4,045 | 64 | (4,070) | 438,783 | 411,831 |
| Total Expenses | 984,023 | - | 13,384 | (8,540) | 988,867 | 13,273 | 22 | 877 | 28,100 | 5,971 | 64 | (4,296) | 1,033,878 | 944,845 |
| INCOME (LOSS) FROM OPERATIONS | 6,972 | 45,349 | (2,288) | - | 50,033 | (479) | (10) | 8,442 | (4,250) | 3,214 | (64) | (2,025) | 54,861 | 33,470 |
| NONOPERATING REVENUE, NET | | | | | | | | | | | | | | |
| Investment Income | 29,613 | - | 52 | - | 29,665 | - | - | 2,392 | 1 | - | - | - | 32,058 | 10,253 |
| Other, Net | (2,951) | - | 44 | - | (2,907) | - | (43) | 14 | (13) | 30 | - | 4,197 | 1,278 | 445 |
| Total Nonoperating Revenue, Net | 26,662 | - | 96 | - | 26,758 | - | (43) | 2,406 | (12) | 30 | - | 4,197 | 33,336 | 10,698 |
| INCOME (LOSS) BEFORE NON-CONTROLLING INTEREST AND CAPITAL CONTRIBUTIONS | 33,634 | 45,349 | (2,192) | - | 76,791 | (479) | (53) | 10,848 | (4,262) | 3,244 | (64) | 2,172 | 88,197 | 44,168 |
| Loss Applicable to Non-Controlling Interest | - | - | - | - | - | - | - | - | - | (1,946) | - | (636) | (2,582) | (4,522) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 33,634 | 45,349 | (2,192) | - | 76,791 | (479) | (53) | 10,848 | (4,262) | 1,298 | (64) | 1,536 | 85,615 | 39,646 |
| CAPITAL CONTRIBUTIONS AND TRANSFERS, NET (Includes Decon- solidation of Blue Ridge GP, LLC) | 36,432 | (45,734) | 8,425 | - | (877) | 1,474 | - | - | 18 | (13,433) | 1,120 | 13,119 | 1,421 | 733 |
| CHANGE IN NET ASSETS | \$ 70,066 | \$ (385) | \$ 6,233 | \$ - | \$ 75,914 | \$ 995 | \$ (53) | \$ 10,848 | \$ (4,244) | \$ (12,135) | \$ 1,056 | \$ 14,655 | \$ 87,036 | \$ 40,379 |

Note The results of Wake Faculty Practice Plan, Inc are driven by professional fee revenue, however, the related expenses reside primarily in WakeMed (44)