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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning **and ending**

B Check if applicable:
- ☐ Address change
- ☒ Name change
- ☐ Initial return
- ☐ Termin-ated
- ☐ Amended return
- ☐ Applica-tion pending

C Name of organization
THE PRESBYTERIAN HOSPITAL

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
2085 FRONTIS PLAZA BLVD

City, town, or post office, state, and ZIP code
WINSTON SALEM, NC 27103

F Name and address of principal officer HARRY SMITH
SAME AS C ABOVE

D Employer identification number
56-0554230

E Telephone number
336-718-2803

G Gross receipts $ 794,755,057.

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW.PRESBYTERIAN.ORG

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1903 **M** State of legal domicile: NC

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O		
	2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	5456
	6 Total number of volunteers (estimate if necessary)	6	722
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	508,929.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0.

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	2,423,359.	3,971,798.
	9 Program service revenue (Part VIII, line 2g)	712,435,806.	771,546,919.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-400,702.	125,209.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,410,168.	18,552,588.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	730,868,631.	794,196,514.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	1,061,192.	697,980.
	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)	274,012,923.	278,664,066.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	374,431,342.	411,708,110.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	649,505,457.	691,070,156.
	19 Revenue less expenses. Subtract line 18 from line 12	81,363,174.	103,126,358.

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	667,273,513.	767,271,832.
	21 Total liabilities (Part X, line 26)	37,574,082.	39,452,078.
	22 Net assets or fund balances. Subtract line 21 from line 20	629,699,431.	727,819,754.

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 — Date: 11/08/13

▶ FRED HARGETT, EVP & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN

Firm's name ▶ THIS TAX RETURN IS — Firm's EIN ▶

Firm's address ▶ PREPARED BY A A NON-PAID PREPARER — Phone no.

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

G17 # 27

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission
SEE SCHEDULE O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No
If "Yes," describe these changes on Schedule O.

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

4a (Code _____) (Expenses $ 562,173,473. including grants of $ 697,980.) (Revenue $ 784,290,399.)
THE PRESBYTERIAN HOSPITAL (PH) AND PRESBYTERIAN HOSPITAL HUNTERSVILLE (PHH) EXIST TO PROMOTE THE HEALTH OF THE INHABITANTS OF THE CHARLOTTE-MECKLENBURG COUNTY AREA REGARDLESS OF THE PATIENT'S ABILITY TO PAY. DURING 2012, PH HAD 622 LICENSED BEDS. THERE WERE 163,426 PATIENT DAYS, WITH AN AVERAGE LENGTH OF STAY OF 6 DAYS, AND AN AVERAGE DAILY CENSUS OF 447. THERE WERE 29,713 DISCHARGES, 21,130 INPATIENT AND OUTPATIENT SURGERIES, 185,149 OUTPATIENT ENCOUNTERS AND 91,419 EMERGENCY DEPARTMENT VISITS. (CONTINUED ON SCHEDULE O)

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

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

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

4e **Total program service expenses** ▶ 562,173,473.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No", go to line 25*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
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 direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	X	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	0		
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		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	5456		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b	X	
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, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
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 as charitable contributions?		6a		X
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	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
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		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
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?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the 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 amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
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 line 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 [X]

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 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
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		X	
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			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6		X	
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		X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
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			X

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

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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

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 during the tax year.

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

KAREN DAUGHERTY - 336-718-2803
2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ALLY,DEBORAH TRUSTEE	2.00	X						0.	0.	0.
(2) BILLINGS,DERRICK MARK FORMER PRES PH. MARKET COO/TRUSTEE	60.00	X		X				672,531.	265,992.	351,889.
(3) CURETON,JESSE TRUSTEE	2.00	X						0.	0.	0.
(4) FLETCHER,SIDNEY TRUSTEE	2.00	X						0.	16,470.	0.
(5) FOX,ANTHONY VICE CHAIR	2.00	X		X				0.	0.	0.
(6) GALLAGHER,ARTHUR SEC	2.00	X		X				0.	0.	0.
(7) GARNER,STUART J TRUSTEE	2.00	X						0.	410,365.	45,071.
(8) JONES,BRUCE TRUSTEE	2.00	X						0.	0.	0.
(9) LYLES,VIOLA TRUSTEE	2.00	X						0.	0.	0.
(10) PALERMO,JAMES CHAIR	2.00	X		X				0.	0.	0.
(11) PHILLIPS,G. PATRICK TRUSTEE	2.00	X						0.	0.	0.
(12) POSTON,WILLIAM TREASURER	2.00	X		X				0.	0.	0.
(13) SMITH JR, HARRY LLOYD PRES PRESBY/COO CHARLOTTE/TRUSTEE	60.00	X		X				77,404.	0.	0.
(14) STONE,LARRY TRUSTEE	2.00	X						0.	0.	0.
(15) WILLIAMS,DAN TRUSTEE	2.00	X						0.	0.	0.
(16) STILLERMAN,SHELLI STOKER ASST SEC	2.00			X				0.	217,216.	33,193.
(17) WALSH,BETSY JEAN ASST SEC	2.00			X				0.	275,123.	48,748.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) BLACKMON,TANYA S PRESIDENT PHH	60.00				X			335,489.	0.	29,918.
(19) MCADAMS,STEPHEN VP & SR MED DIR	60.00				X			424,607.	0.	19,337.
(20) STEGER,ELIZABETH ANN VP NURSING	60.00				X			293,005.	0.	38,043.
(21) VANCE,AMY SUSAN SVP & COO PHC	60.00				X			488,027.	0.	43,195.
(22) VINCENT,PAULA ROLLINS SVP FOUNDATIONS/DEVELOPMENT	60.00				X			331,599.	323,238.	179,358.
(23) ZWENG,THOMAS NELSON SVP MEDICAL AFFAIRS	60.00				X			686,318.	0.	53,921.
(24) CAMPBELL, PATRICIA VP WOMEN'S SERVICES	40.00					X		238,280.	0.	28,456.
(25) COUILLARD,MICHAEL BENJAMIN CRNA	40.00					X		240,001.	0.	31,778.
(26) HOLEVAS,JOHN G INTERNIST	40.00					X		274,270.	0.	37,436.
1b Sub-total						▶		4,061,531.	1,508,404.	940,343.
c Total from continuation sheets to Part VII, Section A						▶		532,146.	0.	65,623.
d Total (add lines 1b and 1c)						▶		4,593,677.	1,508,404.	1,005,966.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 177

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

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
JAMES R VANNOY & SONS CONSTRUCTION, INC PO BOX 635, JEFFERSON, NC 28640	CONTRACTORS	12,643,992.
RODGERS BUILDERS INC PO BOX 18446, CHARLOTTE, NC 28218	CONTRACTORS	10,657,681.
MORRISON MANAGEMENT SPECIALISTS PO BOX 102289, ATLANTA, GA 30368	FOOD SERVICES	7,612,164.
AMERICAN RED CROSS PO 905890, CHARLOTTE, NC 28290	BLOOD PROCESSING	5,192,067.
FRESENIUS MEDICAL CARE PO BOX 101518, ATLANTA, GA 30392	HEALTHCARE SERVICES	1,505,546.

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 ▶ 73

SEE PART VII, SECTION A CONTINUATION SHEETS

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(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			
(27) SHOAF JR,EDWIN H	40.00									
INTERNIST						X		238,545.	0.	28,414.
(28) WONG,ALLEN	40.00									
INTERNIST						X		293,601.	0.	37,209.
Total to Part VII, Section A, line 1c								532,146.		65,623.

Part VIII Statement of Revenue

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

			(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	3,707,096.			
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	264,702.			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f	▶	3,971,798.			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621990	773,570,342.	773,570,342.		
	b SOUTHPARK SURGERY CTR NET PT REV	621110	1,324,463.	1,324,463.		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a-2f	▶	774,894,805.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	▶	158,534.			158,534.
	4 Income from investment of tax-exempt bond proceeds	▶				
	5 Royalties	▶				
		(i) Real / (ii) Personal				
	6a Gross rents	10,462. /				
	b Less: rental expenses	0. /				
	c Rental income or (loss)	10,462. /				
	d Net rental income or (loss)	▶	10,462.			10,462.
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	/ 525,218.				
	b Less: cost or other basis and sales expenses	/ 558,543.				
	c Gain or (loss)	/ -33,325.				
	d Net gain or (loss)	▶	-33,325.			-33,325.
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a 78,113.				
	b Less: direct expenses	b 0.				
	c Net income or (loss) from fundraising events	▶	78,113.			78,113.
	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 MISCELLANEOUS	900099	6,700,556.	6,471,033.	229,523.	
	b CAFETERIA	722210	3,668,608.			3,668,608.
	c PHARMACY	446110	2,954,102.	2,924,561.	29,541.	
	d All other revenue	624410	1,792,861.		249,865.	1,542,996.
	e **Total.** Add lines 11a-11d	▶	15,116,127.			
	12 **Total revenue.** See instructions.	▶	794,196,514.	784,290,399.	508,929.	5,425,388.

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).

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	670,332.	670,332.		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	27,648.	27,648.		
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	3,162,344.		3,162,344.	
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	220,688,230.	210,448,296.	10,239,934.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,676,742.	8,274,141.	402,601.	
9 Other employee benefits	29,674,292.	28,297,405.	1,376,887.	
10 Payroll taxes	16,462,458.	15,698,600.	763,858.	
11 Fees for services (non-employees):				
a Management				
b Legal	3,702.		3,702.	
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	39,742,776.	27,909,995.	11,832,781.	
12 Advertising and promotion	6,849,327.	6,531,518.	317,809.	
13 Office expenses	3,653,416.	3,483,897.	169,519.	
14 Information technology	5,766,492.	5,498,927.	267,565.	
15 Royalties				
16 Occupancy	18,526,880.	17,667,233.	859,647.	
17 Travel	367,154.	350,118.	17,036.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	193,172.	184,209.	8,963.	
20 Interest	12,433,617.	11,856,697.	576,920.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	38,023,067.	36,258,797.	1,764,270.	
23 Insurance	1,144,603.	1,091,493.	53,110.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a CORPORATE ALLOCATION	96,430,237.		96,430,237.	
b MEDICAL SUPPLIES	90,665,251.	90,665,251.		
c DRUGS	31,580,163.	31,580,163.		
d ACCRUED UBIT	-1,995.		-1,995.	
e All other expenses	66,330,248.	65,678,753.	651,495.	
25 **Total functional expenses.** Add lines 1 through 24e	691,070,156.	562,173,473.	128,896,683.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	2,730,064.	1	3,419,149.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	85,954,942.	4	89,517,152.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L	-	6	-
	7	Notes and loans receivable, net	11,122,291.	7	13,133,877.
	8	Inventories for sale or use	10,029,252.	8	12,741,669.
	9	Prepaid expenses and deferred charges	1,001,364.	9	740,700.
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a: 731,022,148.			
	b	Less accumulated depreciation — 10b: 407,887,573.	309,345,073.	10c	323,134,575.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities See Part IV, line 11	1,874,881.	12	1,477,348.
	13	Investments - program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	245,215,646.	15	323,107,362.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	667,273,513.	16	767,271,832.
Liabilities	17	Accounts payable and accrued expenses	31,131,742.	17	32,476,467.
	18	Grants payable		18	
	19	Deferred revenue	987,615.	19	891,924.
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Loans and other 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	5,454,725.	25	6,083,687.
	26	**Total liabilities.** Add lines 17 through 25	37,574,082.	26	39,452,078.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☒ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	629,688,700.	27	727,809,023.
	28	Temporarily restricted net assets	10,731.	28	10,731.
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds	-	30	-
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	629,699,431.	33	727,819,754.
	34	Total liabilities and net assets/fund balances	667,273,513.	34	767,271,832.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	794,196,514.
2	Total expenses (must equal Part IX, column (A), line 25)	2	691,070,156.
3	Revenue less expenses. Subtract line 2 from line 1	3	103,126,358.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	629,699,431.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-5,006,035.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	727,819,754.

Part XII Financial Statements and Reporting

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

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

SCHEDULE A (Form 990 or 990-EZ)

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

2012

Open to Public Inspection

Name of the organization	Employer identification number
THE PRESBYTERIAN HOSPITAL	56-0554230

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(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 monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2011 Schedule A, Part II, line 14 15 %

16a **33 1/3% support test - 2012.** 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 - 2011.** If the organization did not check a 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 - 2012.** 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 - 2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III Support Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2011** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2012.** 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 - 2011.** 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 ▶ ☐

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

2012

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, Part V, line 35c (Proxy Tax), then

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

Name of organization	Employer identification number
THE PRESBYTERIAN HOSPITAL	56-0554230

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 in Part IV.
2 Political expenditures ▶ $
3 Volunteer hours

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

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

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt 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? ☐ Yes ☐ No
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV.

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

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

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

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c. If zero or less, enter -0-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable 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)).**

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		46,207.
j Total Add lines 1c through 1i			46,207.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
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 carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."**

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible 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, Part II-A (affiliated group list); Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information.

PART II-B, LINE 1, LOBBYING ACTIVITIES:

DUES PAID TO CERTAIN ORGANIZATIONS WHICH INCLUDE A PORTION RELATED TO LOBBYING ACTIVITIES.

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, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE PRESBYTERIAN HOSPITAL

Employer identification number
56-0554230

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

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

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

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

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

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

2 Complete lines 2a through 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 Tax Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items.

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

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

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

3 Using the organization's acquisition, 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 XIII

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 XIII and complete the following table:

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

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

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	10,731.	10,731.	10,731.	10,731.	
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	10,731.	10,731.	10,731.	10,731.	

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ _____ %
c Temporarily restricted endowment ▶ 100.00 %

The percentages in lines 2a, 2b, and 2c should equal 100%.

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

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

4 Describe in Part XIII 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		7,138,673.		7,138,673.
b Buildings		412,443,222.	187,724,409.	224,718,813.
c Leasehold improvements		5,541,980.	3,193,105.	2,348,875.
d Equipment		281,432,581.	211,809,185.	69,623,396.
e Other		24,465,692.	5,160,874.	19,304,818.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)*			▶	323,134,575.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation. Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

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

(a) Description	(b) Book value
(1) DUE FROM AFFILIATES	271,852,199.
(2) INVESTMENT IN AFFILIATES	51,255,163.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15)* ▶	323,107,362.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0.
(2) THIRD PARTY PAYMENT ADJUSTMENTS	6,062,161.
(3) LEASE PAYABLE	21,526.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	6,083,687.

2. FIN 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII [X]

Part XI 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 XIII.)	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 XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	

Part XII 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 XIII.)	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 XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V, LINE 4: INTENDED USES FOR ENDOWMENT FUNDS

THE ENDOWMENT FUNDS INTENDED USE IS FOR EQUIPMENT AND PROGRAMS TO BETTER SERVE THE HOSPITAL'S PATIENTS.

PART X, LINE 2: LIABILITY UNDER FIN 48 (ASC 740) FOOTNOTE

THE AUDIT FOR NOVANT HEALTH AND ITS AFFILIATES IS PREPARED ON A CONSOLIDATED BASIS. THE COMPANY WAS REQUIRED TO EVALUATE UNCERTAIN TAX POSITIONS. THIS EVALUATION INCLUDES A QUANTIFICATION OF TAX RISK IN AREAS

Part XIII Supplemental Information *(continued)*

SUCH AS UNRELATED BUSINESS TAXABLE INCOME AND THE TAXATION OF OUR FOR-PROFIT SUBSIDIARIES. THIS EVALUATION DID NOT HAVE A MATERIAL EFFECT ON THE COMPANY'S STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011.

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open To Public Inspection

Name of the organization
THE PRESBYTERIAN HOSPITAL

Employer identification number
56-0554230

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17 Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	(iii) No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
Total ▶						

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000

		(a) Event #1 FUNDRAISERS (event type)	(b) Event #2 (event type)	(c) Other events NONE (total number)	(d) Total events (add col. (a) through col. (c))
Revenue	1 Gross receipts	78,113.			78,113.
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)	78,113.			78,113.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary. Add lines 4 through 9 in column (d)			▶	( )
	11 Net income summary. Combine line 3, column (d), and line 10			▶	78,113.

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)			▶	( )
	8 Net gaming income summary Combine line 1, column d, and line 7			▶	

9 Enter the state(s) in which the organization operates gaming activities. _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain. _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

11 Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in:

a The organization's facility	13a	%
b An outside facility	13b	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ _____

Address ▶ _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____ .

c If "Yes," enter name and address of the third party.

Name ▶ _____

Address ▶ _____

16 Gaming manager information:

Name ▶ _____

Gaming manager compensation ▶ $ _____

Description of services provided ▶ _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

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

2012

Open to Public Inspection

Name of the organization

THE PRESBYTERIAN HOSPITAL

Employer identification number

56-0554230

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b If "Yes," was it a written policy?	1b	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☒ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☐ 200% ☒ Other 300 %	3a	X	
b Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b		X
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		X
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		X
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a Did the organization prepare a community benefit report during the tax year?	6a	X	
b If "Yes," did the organization make it available to the public?	6b	X	

Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			32,373,584.	0.	32,373,584.	4.68%
b Medicaid (from Worksheet 3, column a)			112,224,076.	128,034,363.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)			10,174,470.	5,889,039.	4,285,431.	.62%
d **Total** Financial Assistance and Means-Tested Government Programs			154,772,130.	133,923,402.	36,659,015.	5.30%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,217,183.	358,893.	858,290.	.12%
f Health professions education (from Worksheet 5)			0.	0.	0.	.00%
g Subsidized health services (from Worksheet 6)			30,161,795.	18,884,269.	11,277,526.	1.63%
h Research (from Worksheet 7)			738,704.	419,306.	319,398.	.05%
i Cash and in-kind contributions for community benefit (from Worksheet 8)			182,279.	0.	182,279.	.03%
j **Total.** Other Benefits			32,299,961.	19,662,468.	12,637,493.	1.83%
k **Total.** Add lines 7d and 7j			187,072,091.	153,585,870.	49,296,508.	7.13%

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves

		(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			13,550.		13,550.	.00%
3	Community support			77,530.		77,530.	.01%
4	Environmental improvements			40,042.		40,042.	.01%
5	Leadership development and training for community members			5,000.		5,000.	.00%
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			57,500.		57,500.	.01%
9	Other						
10	Total			193,622.		193,622.	.03%

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	X	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2 30,889,747.		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 0.		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	152,408,657.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	162,198,515.
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-9,789,858.
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.		

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians - 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 SOUTHPARK SURGERY CENTER, LLC	HEALTHCARE	60.00%		40.00%

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, from largest to smallest)

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

Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 PRESBYTERIAN HOSPITAL 200 HAWTHORNE LANE CHARLOTTE, NC 28204	X	X	X				X			A
2 PRESBYTERIAN HOSPITAL HUNTERSVILLE 10030 GILEAD RD HUNTERSVILLE, NC 28078	X	X					X			A

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group FACILITY REPORTING GROUP - A

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) _____

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		
If "Yes," indicate what the CHNA report describes (check all that apply):			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA. 20____			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its CHNA report widely available to the public?	5		
If "Yes," indicate how the CHNA report was made widely available (check all that apply).			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b ☐ Execution of the implementation strategy			
c ☐ Participation in the development of a community-wide plan			
d ☐ Participation in the execution of a community-wide plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in its community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $ _____			

Part V Facility Information *(continued)* FACILITY REPORTING GROUP - A

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that.			
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: 300 %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11		X
If "Yes," indicate the FPG family income limit for eligibility for discounted care: _____ %			
If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12		X
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	X	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a ☒ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available on request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	15	X	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP.			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 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?	17		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)* FACILITY REPORTING GROUP - A

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI.	21		X
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI	22		X

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year? 8

Name and address	Type of Facility (describe)
1 MIDTOWN SURGERY CENTER 1918 RANDOLPH ROAD CHARLOTTE, NC 28207	AMBULATORY SURGERY CENTER
2 IMAGING MUSEUM 2900 RANDOLPH ROAD CHARLOTTE, NC 28211	IMAGING CENTER
3 PRESBYTERIAN INTERNAL MEDICINE CLINIC 1918 RANDOLPH ROAD, SUITE 350 CHARLOTTE, NC 28207	PHYSICIAN CLINIC
4 IMAGING UNIVERSITY 8401 MEDICAL PLAZA DR, SUITE 110 CHARLOTTE, NC 28262	IMAGING CENTER
5 SENIOR CARE 2895 SHOREFAIR DR NW WINSTON-SALEM, NC 27103	PHYSICIAN CLINIC
6 MCKEE INTERNAL MEDICINE 3330 SISKEY PARKWAY MATTHEWS, NC 28105	PHYSICIAN CLINIC
7 IMAGING MONROE 2000 WELLNESS BOULEVARD, SUITE 110 MONROE, NC 28110	IMAGING CENTER
8 BREAST CENTER HUNTERSVILLE 10030 GILEAD ROAD HUNTERSVILLE, NC 28078	IMAGING CENTER

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

PART I, LINE 6A:

THE ORGANIZATION IS PART OF THE NOVANT HEALTHCARE SYSTEM AND THE COMMUNITY BENEFIT REPORT IS PREPARED BY A RELATED ORGANIZATION. NOVANT HEALTH, INC. PRODUCES ITS OWN COMMUNITY BENEFIT REPORT, WHICH REPRESENTS THE HEALTH SYSTEM AS A WHOLE AND CAN BE FOUND AT HTTP://WWW.NOVANTHEALTH.ORG/GIVEBACK/COMMUNITYBENEFITREPORT.ASPX. PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES.

PART I, LINE 7:

COSTS REPORTED IN THE TABLE OF CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFITS AMOUNTS ARE CALCULATED USING AN ENTITY SPECIFIC COST TO CHARGE RATIO BASED ON WORKSHEET 2 (RCC).

PART I, LINE 7, COLUMN (F):

THE AMOUNT OF BAD DEBT REMOVED FROM TOTAL EXPENSES (DENOMINATOR) WAS

Part VI Supplemental Information

$30,889,747

PART II:

NOVANT HEALTH COMMUNITY BUILDING ACTIVITIES IMPACTS THE HEALTH OF OUR COMMUNITY THROUGH PARTNERSHIPS WITH LOCAL AGENCIES DEDICATED TO IMPROVING THE LIVES OF ALL INDIVIDUALS. OUTREACH INCLUDES PROVIDING SUPPORT FOR ORGANIZATIONS SUCH AS HABITAT FOR HUMANITY AND LOCAL CHAMBERS OF COMMERCE, ASSISTING WITH COMMUNITY/COUNTY COALITIONS, PROVIDING EDUCATIONAL SEMINARS AND TRAINING FOR COMMUNITY WORKFORCES, AND SUPPORTING COMMUNITY AGENCIES SUCH AS ROTARY, LIONS CLUBS AND MORE. THROUGH EACH OF THESE PARTNER AGENCIES, NOVANT HEALTH ADDRESSES THE UNDERLYING ISSUES IMPACTING THE HEALTH OF OUR COMMUNITIES AND ENSURES THAT OUR COMMUNITIES GROW FOR YEARS TO COME.

PART III, LINE 2:

THE ALLOWANCE FOR BAD DEBTS IS DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, THE AGE OF THE ACCOUNTS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS.

PART III, LINE 4:

BAD DEBT EXPENSE ONLY REPRESENTS ACCOUNTS FOR WHICH COLLECTION EFFORTS HAVE BEEN MADE BUT NO PAYMENTS HAVE BEEN RECEIVED. DISCOUNTS ARE RECORDED AS EITHER CONTRACTUALS (FOR PATIENTS WHO DO NOT QUALIFY FOR CHARITY) OR AS CHARITY (FOR PATIENTS WHO DO QUALIFY FOR CHARITY).

THE TEXT OF THE NOVANT HEALTH, INC. CONSOLIDATED FINANCIAL STATEMENTS READS: "THE ALLOWANCE FOR BAD DEBTS IS DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND

Part VI Supplemental Information

ECONOMIC CONDITIONS, THE AGE OF THE ACCOUNTS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS."

PART III, LINE 8:

THE METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 IS DETERMINED BY FOLLOWING THE MEDICARE PRINCIPLES OF ALLOWABLE COSTS. COST FOR THE OVERHEAD DEPARTMENTS ARE STEPPED DOWN TO THE REMAINING COST CENTERS BASED ON STATISTICS FOR EACH OVERHEAD COST CENTER. ONCE THE STEP-DOWN PROCESS IS COMPLETE, A RATIO OF COST TO CHARGES IS DEVELOPED FOR EACH COST CENTER. THE RCC IS THEN APPLIED TO THE MEDICARE REVENUE BY COST CENTER AND TOTALED.

IT SHOULD BE NOTED THAT THE MEDICARE COST REPORTS DO NOT ADDRESS ANY MANAGED CARE MEDICARE REVENUES, COSTS, OR RELATED SHORTFALL. THE TOTAL REVENUES REPORTED AS RECEIVED FROM MEDICARE IN LINE 5 OF SECTION B ARE ONLY REPRESENTATIVE OF MEDICARE FEE FOR SERVICE PAYMENTS RECEIVED. THE ALLOWABLE COSTS ON LINE 6 ARE SIGNIFICANTLY LOWER THAN THE ACTUAL EXPENDITURES. AS SUCH, THE SHORTFALL IS UNDERESTIMATED.

EVERY HOSPITAL TREATS MEDICARE PATIENTS. SOME HOSPITALS ARE LOCATED IN HIGH MEDICARE POPULATION AREAS OR OFFER SERVICES DISPROPORTIONATELY USED BY MEDICARE PATIENTS. MEDICARE RATES AND NUMBERS OF MEDICARE PATIENTS ARE NOT NEGOTIATED. AS REIMBURSEMENT RATES DECLINE RELATIVE TO COSTS OF CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION. WITHOUT THIS SERVICE THESE PATIENTS WOULD BECOME AN OBLIGATION TO THE GOVERNMENT. ANY UNREIMBURSED COSTS OF THIS CARE ARE A COMMUNITY BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT.

PART III, LINE 9B:

Part VI Supplemental Information

THE ORGANIZATION'S BILLING AND COLLECTIONS POLICY DOES EXPLAIN ACTIONS AGAINST PATIENTS WHO HAVE OUTSTANDING DELINQUENT AMOUNTS, BUT THE POLICY DOES NOT CONTAIN PROVISIONS FOR COLLECTION PRACTICES AGAINST PATIENTS WHO ARE ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY (FAP) BECAUSE FAP ELIGIBLE PATIENTS RECEIVE 100% FREE CARE AND THEREFORE DO NOT RECEIVE BILLS ONCE FAP ELIGIBILITY HAS BEEN ESTABLISHED.

PART VI, LINE 2: NEEDS ASSESSMENT

THE ORGANIZATION IS PART OF THE NOVANT HEALTHCARE SYSTEM, WHICH HAS A COMMUNITY BENEFIT COMMITTEE. THE COMMUNITY BENEFIT COMMITTEE IS RESPONSIBLE FOR ASSISTING THE HOSPITALS WITHIN THE HEALTHCARE SYSTEM WITH PREPARING COMMUNITY NEEDS ASSESSMENTS. THE COMMUNITY BENEFIT COMMITTEE IS MADE OF INDIVIDUALS REPRESENTING CORPORATE-WIDE DEPARTMENTS, SUCH AS COMMUNITY RELATIONS, LEGAL, TAX, INTERNAL AUDIT, MARKETING/COMMUNICATIONS, AS WELL AS INDIVIDUALS FROM VARIOUS DEPARTMENTS OF HOSPITAL OPERATIONS AND THE HEALTHCARE SYSTEM'S HOSPITAL FOUNDATIONS. EACH HOSPITAL, WITH THE ASSISTANCE OF THE COMMUNITY BENEFIT COMMITTEE, WILL IDENTIFY ORGANIZATIONS AND RESOURCES WITHIN ITS COMMUNITY TO CONTRIBUTE TO THE HOSPITAL'S COMMUNITY NEEDS ASSESSMENT. THESE ORGANIZATIONS AND RESOURCES INCLUDE LOCAL HEALTH DEPARTMENTS, UNITED WAY, UNIVERSITIES, PUBLIC HEALTH DEPARTMENTS, ETC. THE EXISTING COMMUNITY HEALTH ASSESSMENTS PREPARED BY OTHER ORGANIZATIONS IN THE COMMUNITY WILL BE COMBINED WITH INTERNAL HOSPITAL DATA AND INFORMATION COLLECTED FROM LOCAL AGENCIES TO BECOME THE HOSPITAL'S COMMUNITY NEEDS ASSESSMENT. EACH HOSPITAL HAS ALSO TRADITIONALLY RESPONDED TO REQUESTS FOR CERTAIN COMMUNITY BENEFIT ACTIVITIES OR PROGRAMS FROM PUBLIC AGENCIES OR COMMUNITY GROUPS AND THIS WILL ALSO BE INCLUDED IN THE HOSPITAL'S COMMUNITY NEEDS ASSESSMENT. ONCE THE COMMUNITY NEEDS ASSESSMENT IS COMPLETED, WHICH WILL BE EVERY THREE

Part VI Supplemental Information

YEARS, THE HOSPITAL WILL PRIORITIZE THE NEEDS BY DETERMINING WHAT HOSPITAL RESOURCES ARE AVAILABLE TO MEET THE NEEDS AND WHAT OTHER COMMUNITY RESOURCES ARE BEING USED TO MEET A PARTICULAR NEED. THE HOSPITAL WILL DEVELOP A COMMUNITY BENEFIT PLAN, WHICH WILL BE REVIEWED AND UPDATED AS NECESSARY, AT LEAST EVERY THREE YEARS. ALL HOSPITALS' COMMUNITY NEEDS ASSESSMENTS WILL BE MADE AVAILABLE TO THE PUBLIC.

PART VI, LINE 3: PATIENT EDUCATION OF ELGIBILITY FOR ASSISTANCE

AS A NOT-FOR-PROFIT ORGANIZATION, NOVANT HEALTH IS COMMITTED TO PROVIDING OUTSTANDING HEALTHCARE TO ALL MEMBERS OF OUR COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY. OUR ACUTE CARE FACILITIES PROVIDE CARE IN 35 COUNTIES ACROSS THREE STATES. ADDITIONALLY, OUR PHYSICIANS AND ACUTE CARE FACILITIES OFFER CARE TO NATIONAL AND INTERNATIONAL MISSION PATIENTS. OUR FINANCIAL COUNSELING TEAMS ARE CONSTANTLY WORKING WITH THE PATIENTS WITHIN OUR COMMUNITIES TO UNDERSTAND THEIR NEEDS AND ENSURE THAT OUR POLICIES AND PROCESSES ADDRESS THESE NEEDS. WE ALSO MAINTAIN CONTRACTS WITH MEDICAID ELIGIBILITY VENDORS AND LOCAL DEPARTMENT OF SOCIAL SERVICES TEAMS TO HAVE EMBEDDED CASE WORKERS WITHIN OUR FACILITIES. THESE TEAMS OFFER ADDITIONAL SUPPORT IN PROCESSING AND ASSESSING HOW WE SERVE THE FINANCIAL NEEDS OF OUR PATIENTS.

BASED ON THE ASSESSMENTS OF OUR COMMUNITIES, NOVANT HEALTH HAS DEVELOPED FINANCIAL ASSISTANCE POLICIES AND PROGRAMS THAT ADDRESS THE FINANCIAL NEEDS OR OUR PATIENTS. WE PRIDE OURSELVES IN THE TRANSPARENCY OF OUR PROGRAMS AND THE EDUCATION WE OFFER OUR PATIENTS AROUND OUR FINANCIAL ASSISTANCE POLICIES. OUR PROGRAMS ARE DOCUMENTED ON OUR CORPORATE WEBSITE AS WELL AS EACH INDIVIDUAL FACILITY'S WEBSITE, ALONG WITH CONTACT INFORMATION FOR OUR FINANCIAL COUNSELORS. ADDITIONALLY, OUR PROGRAMS ARE DOCUMENTED ON PATIENT FLYERS THROUGHOUT THE NOVANT AFFILIATED FACILITIES

Part VI Supplemental Information

AND PHYSICIAN OFFICES. OUR PATIENT ACCESS SPECIALISTS, FINANCIAL COUNSELORS AND BUSINESS OFFICE TEAMS WORK WITH ALL ELIGIBLE PATIENTS TO EDUCATE THEM ON THE VARIOUS OPTIONS AVAILABLE VIA OUR FINANCIAL ASSISTANCE PROGRAMS OR GOVERNMENT SPONSORED CARE. FINALLY, WE WORK WITH LOCAL AREA FREE HEALTH CLINICS AND OTHER CHARITABLE ORGANIZATIONS TO PROVIDE CONTINUATION OF CARE FOR THEIR PATIENTS.

IN ADDITION TO OUR FINANCIAL COUNSELING PROCESSES USED TO IDENTIFY CHARITY CARE PATIENTS, OUR COLLECTIONS PROCESSES WITHIN OUR BUSINESS OFFICES ALSO HELP IDENTIFY PATIENTS WHO ARE ALREADY ELIGIBLE FOR CHARITY OR WHO MAY BE ELIGIBLE BASED ON THEIR STATUS WITHIN THE FEDERAL POVERTY GUIDELINES ("FPG"). WE UTILIZE PREVIOUSLY SUBMITTED PATIENT DOCUMENTATION AND CREDIT AGENCY REPORTED FPG FOR DETERMINATION. SUPPORTING DOCUMENTS ARE VALID 6 MONTHS FROM THE DATE OF SUBMISSION.

OUR POLICIES ARE CONSIDERED FLUID AND ARE UPDATED FREQUENTLY BASED ON LOCAL AND NATIONAL MARKET STANDARDS AND NATIONAL ECONOMIC CONDITIONS. ANY UPDATES TO OUR POLICIES REQUIRE MULTI-LEVEL LEADERSHIP APPROVAL AND ARE ULTIMATELY APPROVED BY THE NOVANT EXECUTIVE TEAM.

PART VI, LINE 4: COMMUNITY INFORMATION

THE PRESBYTERIAN HOSPITAL, INC. FORM 990 INCLUDES THE OPERATIONS OF TWO HOSPITALS.

PRESBYTERIAN HOSPITAL

THE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA, WHICH IS MECKLENBURG COUNTY, NORTH CAROLINA.

THERE ARE FOUR NONPROFIT HOSPITALS IN THE COMMUNITY, ONE OF WHICH IS THE

Part VI Supplemental Information

ORGANIZATION AND ALL OF WHICH ARE PART OF THE NOVANT HEALTHCARE SYSTEM. THERE ARE ALSO FOUR GOVERNMENTAL HOSPITALS, WHICH ARE ALL PART OF THE SAME HEALTHCARE SYSTEM.

ACCORDING TO TRUVEN HEALTH DATA, THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS: WHITE NON-HISPANIC (476,275) 48.3%; BLACK NON-HISPANIC (302,281) 30.6%; HISPANIC (133,155) 13.5%; OTHERS (25,327) 2.6%; ASIAN AND PACIFIC ISLAND (49,278) 5.0%; FOR A TOTAL POPULATION OF 986,316.

ACCORDING TO TRUVEN HEALTH DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS $47,626.

ACCORDING TO TRUVEN HEALTH DATA, THE AGE BREAKDOWN IS AS FOLLOWS: 0-17 YEARS (251,716) 25.5%; 18-64 YEARS (639,328) 64.8%; 65+ YEARS (95,272) 9.7%.

PRESBYTERIAN HOSPITAL HUNTERSVILLE

THE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA, WHICH IS COMPRISED OF THE FOLLOWING FOUR ZIP CODES: 28031 (CORNELIUS, NORTH CAROLINA); 28078 (HUNTERSVILLE, NORTH CAROLINA); 28216 (CHARLOTTE, NORTH CAROLINA) AND 28269 (CHARLOTTE, NORTH CAROLINA).

THERE IS ONE NONPROFIT HOSPITAL IN THE COMMUNITY, WHICH IS THE ORGANIZATION. THERE IS ALSO ONE GOVERNMENTAL HOSPITAL AND ONE FOR PROFIT HOSPITAL.

Part VI Supplemental Information

ACCORDING TO TRUVEN HEALTH DATA, THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS: WHITE NON-HISPANIC (103,661) 49.3%; BLACK NON-HISPANIC (73,299) 34.9%; HISPANIC (18,692) 8.9%; OTHERS (5,519) 2.6%; ASIAN AND PACIFIC ISLAND (8,946) 4.3%; FOR A TOTAL POPULATION OF 210,117.

ACCORDING TO TRUVEN HEALTH DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS $62,684.

ACCORDING TO TRUVEN HEALTH DATA, THE AGE BREAKDOWN IS AS FOLLOWS: 0-17 YEARS (57,731) 27.5%; 18-64 YEARS (134,544) 64.0%; 65+ YEARS (17,842) 8.5%.

PART VI, LINE 5: PROMOTION OF COMMUNITY HEALTH

THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSES BY DOING THE FOLLOWING:

1. ADOPTING A CHARITY CARE POLICY, WHICH PROVIDES FREE CARE TO INDIVIDUALS WHOSE INCOME IS AT OR BELOW 300% OF THE FEDERAL POVERTY LEVEL;

2. REMAINING CERTIFIED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TO PROVIDE SERVICES TO ALL BENEFICIARIES OF MEDICARE, MEDICAID, AND OTHER GOVERNMENT PAYMENT PROGRAMS, AND PROVIDING SERVICES IN A NONDISCRIMINATORY MANNER TO SUCH BENEFICIARIES;

3. OPERATING FULL-TIME EMERGENCY ROOMS WHICH ARE OPEN TO AND ACCEPT ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY;

4. MAINTAINING AN OPEN MEDICAL STAFF, SUBJECT TO EXCLUSIVE CONTRACTS FOR HOSPITAL-BASED SERVICES SUCH AS ANESTHESIOLOGY, RADIOLOGY, PATHOLOGY,

Part VI Supplemental Information

HOSPITALIST, AND EMERGENCY DEPARTMENT SERVICES, TO THE EXTENT AN EXCLUSIVE CONTRACT FOR THOSE SERVICES IS REQUIRED TO OBTAIN PROPER STAFFING COVERAGE OR TO PERMIT A MORE EFFICIENT DELIVERY OF THOSE SERVICES WITHIN THE HOSPITAL FACILITY;

5. MAINTAINING A GOVERNING BOARD CONSISTING PRIMARILY OF A BROAD CROSS-SECTION OF LEADERS IN THE COMMUNITY;

6. ADOPTING AND APPLYING A CONFLICT OF INTEREST POLICY, WHICH APPLIES TO THE GOVERNING BOARD AND ORGANIZATION OFFICERS;

7. PROVIDING HEALTH EDUCATION LECTURES AND WORKSHOPS.

8. PROVIDING HEALTH FAIRS, EDUCATION ON SPECIFIC DISEASES OR CONDITIONS, AND HEALTH PROMOTION AND WELLNESS PROGRAMS TO THE COMMUNITIES IT SERVES;

9. PROVIDING SUPPORT GROUPS AND SELF HELP PROGRAMS TO THE COMMUNITIES IT SERVES;

10. PROVIDING COMMUNITY-BASED CLINICAL SERVICES, INCLUDING WITHOUT LIMITATION, HEALTH SCREENINGS AND CLINICS FOR UNINSURED OR UNDERINSURED PERSONS TO THE COMMUNITIES IT SERVES;

11. PROVIDING HEALTHCARE SUPPORT SERVICES, INCLUDING WITHOUT LIMITATION, INFORMATION AND REFERRAL TO COMMUNITY SERVICES, CASE MANAGEMENT OF UNDERINSURED AND UNINSURED PERSONS, TELEPHONE INFORMATION SERVICES AND ASSISTANCE TO ENROLL IN PUBLIC PROGRAMS, SUCH AS SCHIP AND MEDICAID TO THE COMMUNITIES IT SERVES;

Part VI Supplemental Information

12. PROVIDING SUBSIDIZED HEALTH SERVICES AND CLINICAL PROGRAMS TO THE COMMUNITIES IT SERVES;

13. PROVIDING CASH AND IN-KIND CONTRIBUTIONS TO NONPROFIT COMMUNITY HEALTHCARE ORGANIZATIONS IN THE COMMUNITIES IT SERVES; AND

14. GENERALLY PROMOTING THE HEALTH, WELLNESS, AND WELFARE OF THE COMMUNITIES IT SERVES BY PROVIDING QUALITY HEALTHCARE SERVICES AT REASONABLE COST.

FOR SPECIFIC EXAMPLES OF THIS ORGANIZATION'S COMMUNITY BENEFIT ACTIVITIES, WHICH FURTHER THE ORGANIZATION'S EXEMPT PURPOSES (AND THOSE OF ALL HOSPITALS AND HEALTHCARE FACILITIES IN THE SAME HEALTHCARE SYSTEM), PLEASE SEE THE NOVANT HEALTH COMMUNITY BENEFIT REPORT, LOCATED AT HTTP://WWW.NOVANTHEALTH.ORG/GIVEBACK/COMMUNITYBENEFITREPORT.ASPX. PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES.

PART VI, LINE 6: AFFILIATED HEALTH CARE SYSTEM

THE ORGANIZATION IS AN INTEGRAL PART OF THE NOVANT HEALTH SYSTEM (COLLECTIVELY KNOWN AS "NOVANT HEALTH"), A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICE PROVIDERS. NOVANT HEALTH IS RANKED AS ONE OF OUR NATION'S TOP 25 INTEGRATED HEALTHCARE SYSTEMS - CARING FOR PATIENTS AND COMMUNITIES IN NORTH CAROLINA, VIRGINIA AND SOUTH CAROLINA. EACH HOSPITAL PROVIDES

Part VI Supplemental Information

SUBSTANTIAL COMMUNITY BENEFIT TO THE COMMUNITY IT SERVES, AS REPORTED INDIVIDUALLY ON EACH HOSPITAL'S FORM 990, SCHEDULE H. THE COMMUNITY BENEFIT OF THE HEALTHCARE SYSTEM AS A WHOLE IS DOCUMENTED IN A SYSTEM-WIDE COMMUNITY BENEFIT REPORT, LOCATED AT HTTP://WWW.NOVANTHEALTH.ORG/GIVEBACK/COMMUNITYBENEFITREPORT.ASPX. PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES. THE NOVANT HEALTHCARE SYSTEM ALSO INCLUDES AN ORGANIZATION THAT OWNS PHYSICIAN PRACTICES IN VIRGINIA, SOUTH CAROLINA, AND NORTH CAROLINA, WHICH PROVIDE ADDITIONAL COMMUNITY BENEFIT TO THEIR COMMUNITIES, AND FIVE HOSPITAL FOUNDATIONS, WHICH SUPPORT AND ENHANCE THE COMMUNITY BENEFIT ACTIVITIES IN THOSE HOSPITAL'S COMMUNITIES. FURTHER, THE NOVANT HEALTHCARE SYSTEM INCLUDES AMBULATORY SURGERY CENTERS, SKILLED NURSING FACILITIES, REHABILITATION PROGRAMS, AND OTHER OUTPATIENT FACILITIES, WHICH ALSO PROVIDE COMMUNITY BENEFIT TO THEIR COMMUNITIES. THERE ARE SIGNIFICANT COMMUNITY BENEFIT ACTIVITIES WITHIN THE NOVANT HEALTH SYSTEM, WHICH MAY NOT BE REPORTABLE ON A SCHEDULE H BECAUSE THEY ARE NOT CONDUCTED BY AN ENTITY WHICH OWNS OR OPERATES A HOSPITAL. THE HEALTHCARE SYSTEM HAS A COMMUNITY BENEFIT COMMITTEE, WHICH WILL OVERSEE AND ASSIST ALL TAX-EXEMPT HOSPITALS WITHIN NOVANT HEALTH IN PREPARING THEIR COMMUNITY NEEDS ASSESSMENTS AND COMMUNITY BENEFIT PLANS. THE GOAL OF HAVING A SYSTEM-WIDE COMMITTEE IS TO IDENTIFY COMMUNITY BENEFIT ACTIVITIES THAT ARE DUPLICATIVE IN COMMUNITIES AND TO STREAMLINE AND COORDINATE EFFORTS TO RESULT IN BETTER AND MORE EFFICIENT USES OF RESOURCES, WHICH COULD LEAD TO ADDITIONAL RESOURCES TO BE ALLOCATED TO MEET OTHER COMMUNITY NEEDS, AND TO REPLICATE SUCCESSFUL PROGRAMS AND ACTIVITIES IN COMMUNITIES WHERE A SIMILAR NEED IS INDICATED. ALL OF THE TAX-EXEMPT HOSPITALS WITHIN THE

Part VI | Supplemental Information

NOVANT HEALTHCARE SYSTEM ARE COMMITTED TO IMPROVING THE HEALTH OF THEIR COMMUNITIES AND PROVIDING COMMUNITY BENEFIT ACTIVITIES TO SUPPORT THEIR MISSION.

PART VI, LINE 7: STATE FILING OF COMMUNITY BENEFIT REPORT

NOVANT HEALTH, INC. FILES A SYSTEM-WIDE COMMUNITY BENEFIT REPORT PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES WITH THE NORTH CAROLINA MEDICAL CARE COMMISSION AS PART OF THE DOCUMENTATION REQUIRED FOR THE ISSUANCE OF TAX EXEMPT BOND FINANCING.

PART VI, LINE 8: FACILITY REPORTING GROUP

A SINGLE PART V, SECTION B HAS BEEN COMPLETED FOR THE FOLLOWING HOSPITALS INCLUDED IN THE PRESBYTERIAN HOSPITAL REPORTING GROUP; PRESBYTERIAN MEDICAL CENTER AND HUNTERSVILLE MEDICAL CENTER.

PART V, LINE 8 FACILITY REPORTING GROUP A (CONTINUED ON ATTACHED)

Part VI Supplemental Information

SCHEDULE H, PART VI, LINE 8. FACILITY REPORTING GROUP A

FACILITY 1 -- PRESBYTERIAN HOSPITAL

PART V, SECTION B, LINE 11:

ALL UNINSURED PATIENTS RECEIVE A STANDARD DISCOUNT REGARDLESS OF THEIR ABILITY TO PAY. THIS DISCOUNT MIRRORS OUR AVERAGE MANAGED CARE RATE. PATIENTS BELOW 300% OF THE FEDERAL POVERTY GUIDELINES ARE DISCOUNTED AT 100% (3A: FREE CARE).

PART V, SECTION B, LINE 18E:

WE DID NOT CHECK BOXES FOR QUESTIONS 16, 17 AND 18 BECAUSE WE PROCEED WITH ALL REASONABLE EFFORTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE PRIOR TO INITIATING ANY COLLECTION ACTIONS.

PART V, SECTION B, LINE 20D:

ALL FINANCIAL ASSISTANCE POLICY (FAP) ELIGIBLE PATIENTS RECEIVE 100% FREE CARE AND THEREFORE DO NOT RECEIVE BILLS ONCE FAP ELIGIBILITY HAS BEEN ESTABLISHED. ALL PATIENTS DO RECEIVE INFORMATIONAL STATEMENTS WHICH INCLUDE TOTAL CHARGES LESS ANY NON-FINANCIAL ASSISTANCE POLICY ADJUSTMENTS.

FACILITY 2 -- PRESBYTERIAN HOSPITAL HUNTERSVILLE

PART V, SECTION B, LINE 11:

ALL UNINSURED PATIENTS RECEIVE A STANDARD DISCOUNT REGARDLESS OF THEIR ABILITY TO PAY. THIS DISCOUNT MIRRORS OUR AVERAGE MANAGED CARE RATE. PATIENTS BELOW 300% OF THE FEDERAL POVERTY GUIDELINES ARE DISCOUNTED AT 100% (3A: FREE CARE).

Part VI Supplemental Information

PART V, SECTION B, LINE 18E:

WE DID NOT CHECK BOXES FOR QUESTIONS 16, 17 AND 18 BECAUSE WE PROCEED WITH ALL REASONABLE EFFORTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE PRIOR TO INITIATING ANY COLLECTION ACTIONS.

PART V, SECTION B, LINE 20D:

ALL FINANCIAL ASSISTANCE POLICY (FAP) ELIGIBLE PATIENTS RECEIVE 100% FREE CARE AND THEREFORE DO NOT RECEIVE BILLS ONCE FAP ELIGIBILITY HAS BEEN ESTABLISHED. ALL PATIENTS DO RECEIVE INFORMATIONAL STATEMENTS WHICH INCLUDE TOTAL CHARGES LESS ANY NON-FINANCIAL ASSISTANCE POLICY ADJUSTMENTS.

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

2012

Open to Public Inspection

Name of the organization
THE PRESBYTERIAN HOSPITAL

Employer identification number
56-0554230

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? [X] 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. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC 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
LAKE NORMAN COMMUNITY HEALTH CLINIC - 14223 HUNTERS ROAD - HUNTERSVILLE, NC 28078	04-3723062	501(C)(3)	55,000.	0.			COMMUNITY HEALTH
CENTRAL PIEDMONT COMMUNITY COLLEGE FOUNDATION, INC - P.O. BOX 35009 - CHARLOTTE, NC 28235-5009	56-0890420	501(C)(3)	57,500.	0.			COMMUNITY OUTREACH
CHARLOTTE CENTER FOR URBAN MINISTRY, INC. - 945 N COLLEGE ST - CHARLOTTE, NC 28206	56-1837620	501(C)(3)	15,000.	0.			COMMUNITY OUTREACH
FIRE PREVENTION FOUNDATION OF CHARLOTTE - 441 BEAUMONT AVENUE - CHARLOTTE, NC 28204	26-4054448	501(C)(3)	15,000.	0.			COMMUNITY OUTREACH
ARTS & SCIENCE COUNCIL CHARLOTTE MECKLENBURG, INC. - 227 WEST TRADE STREET, SUITE 250 - CHARLOTTE, NC 28202	56-0693436	501(C)(3)	20,200.	0.			COMMUNITY OUTREACH
MARCH OF DIMES 1275 MAMARONECK AVE WHITE PLAINS, NY 10605	13-1846366	501(C)(3)	10,000.	0.			COMMUNITY HEALTH

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 25.

3 Enter total number of other organizations listed in the line 1 table ▶ 2.

Part II **Continuation of Grants and Other Assistance to Governments and Organizations in the United States** (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
LAKE NORMAN REGIONAL ECONOMIC DEVELOPMENT CORPORATION - 10115 KINCEY AVE STE 148 - HUNTERSVILLE, NC 28078	51-0463069	501(C)(3)	9,500.	0.			COMMUNITY OUTREACH
NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION - 1130 ELKTON DR STE C - COLORADO SPRINGS, CO 80907-8501	36-2884730	501(C)(3)	6,500.	0.			COMMUNITY OUTREACH
CATAWBA RIVER DISTRICT PO BOX 680486 CHARLOTTE, NC 28216	27-0176418	501(C)(3)	33,542.	0.			COMMUNITY OUTREACH
AMERICAN CANCER SOCIETY, INC. 1901 BRUNSWICK AVE CHARLOTTE, NC 28207	13-1788491	501(C)(3)	9,875.	0.			COMMUNITY HEALTH
AMERICAN HEART ASSOCIATION, INC. 7272 GREENVILLE AVENUE DALLAS, TX 75231	13-5613797	501(C)(3)	40,000.	0.			COMMUNITY HEALTH
THE LEUKEMIA & LYMPHOMA SOCIETY, INC. - 4530 PARK RD #240 - CHARLOTTE, NC 28209	13-5644916	501(C)(3)	7,600.	0.			COMMUNITY HEALTH
COMMUNITY BUILDING INITIATIVE 220 N TRYON ST. CHARLOTTE, NC 28202	20-2892726	501(C)(3)	10,000.	0.			COMMUNITY OUTREACH
JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL - 26 BROADWAY - NEW YORK, NY 10004	23-1907729	501(C)(3)	15,750.	0.			COMMUNITY HEALTH
ROTARY CLUB OF LAKE NORMAN HUNTERSVILLE, INC. - 15801 NORTHSTONE DR. - HUNTERSVILLE, NC 28078	26-2902286	501(C)(3)	12,000.	0.			COMMUNITY OUTREACH

Part II **Continuation of Grants and Other Assistance to Governments and Organizations in the United States** (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
HEARTBRIGHT FOUNDATION, INC. 2923 S TRYON ST #200 CHARLOTTE, NC 28203	45-0496759	501(C)(3)	20,000.	0.			COMMUNITY HEALTH
THE CHARLOTTE CHAMBER OF COMMERCE, INC. - 129 WEST TRADE ST. - CHARLOTTE, NC 28232	56-0173610	501(C)(6)	57,263.	0.			COMMUNITY OUTREACH
DISCOVERY PLACE, INC. 301 N TRYON ST. CHARLOTTE, NC 28202	56-0529944	501(C)(3)	41,667.	0.			COMMUNITY OUTREACH
AFRO-AMERICAN CULTURAL CENTER, INC. - 551 S TRYON ST. - CHARLOTTE, NC 28202	56-1152286	501(C)(3)	50,000.	0.			COMMUNITY OUTREACH
CHARLOTTE CENTER CITY PARTNERS 200 S. TRYON STREET, SUITE 1600 CHARLOTTE, NC 28202	56-1247787	501(C)(4)	7,500.	0.			COMMUNITY OUTREACH
MUSEUM OF THE NEW SOUTH, INC. 200 E 7TH ST. CHARLOTTE, NC 28202	56-1748648	501(C)(3)	10,000.	0.			COMMUNITY OUTREACH
MECKLENBURG CITIZENS FOR PUBLIC EDUCATION - 129 W. TRADE STREET SUITE 1555 - CHARLOTTE, NC 28202	56-1752043	501(C)(3)	15,000.	0.			COMMUNITY OUTREACH
CHARLOTTE TOUCHDOWN CLUB 309 E MOREHEAD ST. CHARLOTTE, NC 28202	56-1854461	501(C)(3)	10,350.	0.			COMMUNITY OUTREACH
FOUNDATION FOR THE CAROLINAS 220 N TRYON ST. CHARLOTTE, NC 28202	56-6047886	501(C)(3)	12,500.	0.			COMMUNITY OUTREACH

Part II **Continuation of Grants and Other Assistance to Governments and Organizations in the United States** (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
MATTHEWS HELP CENTER 119 N AMES ST. MATTHEWS, NC 28105	58-1408738	501(C)(3)	6,500.	0.			COMMUNITY HEALTH
SUSAN G. KOMEN BREAST CANCER FOUNDATION - 2316 RANDOLPH ROAD - CHARLOTTE, NC 28207	75-2854959	501(C)(3)	33,750.	0.			COMMUNITY HEALTH
CHARLOTTE REGIONAL PARTNERSHIP, INC. - 550 S CALDWELL ST #760 - CHARLOTTE, NC 28202	58-1457132	501(C)(3)	30,000.	0.			COMMUNITY OUTREACH

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. Part III can be duplicated 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
EDUCATIONAL SCHOLARSHIPS	7	27,648.	0.		

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

PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS

THE ORGANIZATION IS AN AFFILIATE IN AN INTEGRATED HEALTHCARE SYSTEM AND FOLLOWS A SYSTEM-WIDE CORPORATE POLICY WITH STANDARDIZED GUIDELINES THAT ARE TO BE USED IN REVIEWING THE ELIGIBILITY AND SELECTION OF GRANTEES RECEIVING CERTAIN EXEMPT PURPOSE FUNDS. THE ORGANIZATION MAINTAINS DOCUMENTATION OF THE ELIGIBILITY AND SELECTION CRITERIA AND RECORDS OF THE AMOUNTS ARE MAINTAINED VIA THE GENERAL LEDGER. FUNDS ARE GENERALLY NOT TRACKED AFTER BEING GRANTED, AS THE ORIGINAL ELIGIBILITY AND SELECTION CRITERIA HAVE ALREADY BEEN MET.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

THE PRESBYTERIAN HOSPITAL

Employer identification number

56-0554230

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 [X] First-class or charter travel [X] Travel for companions [X] Tax indemnification and gross-up payments [X] Discretionary spending account [X] Housing allowance or residence for personal use [ ] Payments for business use of personal residence [X] Health or social club dues or initiation fees [ ] Personal services (e g., maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	X	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. [ ] Compensation committee [ ] Independent compensation consultant [ ] Form 990 of other organizations [ ] Written employment contract [ ] Compensation survey or study [ ] Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		X
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 Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BILLINGS,DERRICK MARK	(i)	301,387.	332,338.	38,806.	0.	0.	672,531.	0.
FORMER PRES PH. MARKET COO/TRUSTEE	(ii)	258,332.	0.	7,660.	342,500.	9,389.	617,881.	0.
(2) GARNER,STUART J	(i)	0.	0.	0.	0.	0.	0.	0.
TRUSTEE	(ii)	354,465.	43,944.	11,956.	22,500.	22,571.	455,436.	0.
(3) STILLERMAN,SHELLI STOKER	(i)	0.	0.	0.	0.	0.	0.	0.
ASST SEC	(ii)	182,854.	26,180.	8,182.	11,248.	21,946.	250,410.	0.
(4) WALSH,BETSY JEAN	(i)	0.	0.	0.	0.	0.	0.	0.
ASST SEC	(ii)	225,470.	44,265.	5,388.	21,545.	27,203.	323,871.	0.
(5) BLACKMON,TANYA S	(i)	234,564.	76,080.	24,845.	11,308.	18,610.	365,407.	0.
PRESIDENT PHH	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) MCADAMS,STEPHEN	(i)	337,840.	64,167.	22,600.	15,000.	4,337.	443,944.	0.
VP & SR MED DIR	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) STEGER,ELIZABETH ANN	(i)	228,216.	59,250.	5,539.	13,975.	24,068.	331,048.	0.
VP NURSING	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) VANCE,AMY SUSAN	(i)	284,984.	192,340.	10,703.	22,500.	20,695.	531,222.	0.
SVP & COO PHC	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) VINCENT,PAULA ROLLINS	(i)	115,263.	205,800.	10,536.	0.	0.	331,599.	0.
SVP FOUNDATIONS/DEVELOPMENT	(ii)	217,718.	81,250.	24,270.	167,500.	11,858.	502,596.	0.
(10) ZWENG,THOMAS NELSON	(i)	389,488.	271,220.	25,610.	22,500.	31,421.	740,239.	0.
SVP MEDICAL AFFAIRS	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) CAMPBELL, PATRICIA	(i)	184,480.	35,705.	18,095.	11,371.	17,085.	266,736.	0.
VP WOMEN'S SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) COUILLARD,MICHAEL BENJAMIN	(i)	149,421.	81,847.	8,733.	3,900.	27,878.	271,779.	0.
CRNA	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) HOLEVAS,JOHN G	(i)	213,205.	59,865.	1,200.	13,226.	24,210.	311,706.	0.
INTERNIST	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) SHOAF JR,EDWIN H	(i)	195,531.	39,251.	3,763.	12,120.	16,295.	266,960.	0.
INTERNIST	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) WONG,ALLEN	(i)	213,685.	76,231.	3,685.	12,942.	24,267.	330,810.	0.
INTERNIST	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II Also complete this part for any additional information.

PART I, LINE 1A: FRINGE OR EXPENSE EXPLANATION

FIRST-CLASS OR CHARTER TRAVEL:

FIRST-CLASS OR CHARTER TRAVEL IS NOT A COVERED TRAVEL EXPENSE FOR EXECUTIVES; THEY ARE LIMITED TO BUSINESS OR COACH CLASS FARES FOR COMMERCIAL FLIGHTS. HOWEVER, CHARTER TRAVEL IS AVAILABLE TO CERTAIN EXECUTIVES, BOARD MEMBERS, AND APPROVED BUSINESS PERSONNEL IN LIMITED CIRCUMSTANCES DEEMED TO INVOLVE BUSINESS NECESSITY.

TRAVEL FOR COMPANIONS:

COMPANIONS ARE ALLOWED ON CERTAIN CHARTER FLIGHTS PAID FOR BY THE ORGANIZATION. IN THAT CASE, THE VALUE OF THE COMPANION'S FLIGHT IS CALCULATED UNDER APPLICABLE TAX LAWS AND THAT AMOUNT IS INCLUDED IN THE EXECUTIVE'S TAXABLE INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS.

TAX INDEMNIFICATION AND GROSS-UP PAYMENTS:

EXECUTIVES WHO PURCHASE SPLIT DOLLAR INSURANCE THROUGH THEIR DISCRETIONARY SPENDING ACCOUNT MAY HAVE THE ADDITIONAL INCOME TAX OWED ON THE PS-58 COSTS PAID BY THE ORGANIZATION. EXECUTIVES WHO RECEIVE TAXABLE RELOCATION INCOME MAY HAVE THE ADDITIONAL INCOME TAX OWED ON THE INCOME PAID BY THE

Part III Supplemental Information

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ORGANIZATION. EXECUTIVES MAY RECEIVE AS SEVERANCE BENEFITS CASH PAYMENTS IN LIEU OF PREMIUMS PAID FOR COVERAGE OF CERTAIN GROUP BENEFITS THAT ENDED WITH THE EXECUTIVE'S TERMINATION. THE ORGANIZATION MAY PAY THE ADDITIONAL TAX OWED ON ACCOUNT OF THESE PAYMENTS.

DISCRETIONARY SPENDING ACCOUNT:

CERTAIN EXECUTIVES RECEIVE A DISCRETIONARY SPENDING ACCOUNT. THE DOLLAR AMOUNT IN THE ACCOUNT IS PRE-APPROVED BY THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE NOVANT HEALTH BOARD. THE ACCOUNT CAN BE USED ONLY FOR AN APPROVED LIST OF EXPENDITURES. ALL OPTIONS OTHER THAN A DEFERRED, AT-RISK, COMPENSATION OPTION ARE CONSIDERED TAXABLE AND ARE INCLUDED IN THE EXECUTIVE'S TAXABLE INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS.

HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE:

WE PROVIDE TEMPORARY HOUSING ALLOWANCES IN CERTAIN EXECUTIVE RECRUITMENT AND RELOCATION PACKAGES. IN THE CASE THAT SUCH EXPENSE IS NOT REIMBURSABLE UNDER THE ACCOUNTABLE PLAN RULES, THE VALUE IS CALCULATED UNDER APPLICABLE TAX LAWS AND THAT AMOUNT IS INCLUDED IN THE EXECUTIVE'S INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS.

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES:

IN CASES WHERE CORPORATE MEMBERSHIPS ARE NOT AVAILABLE, A MEMBERSHIP MAY BE OBTAINED IN AN EXECUTIVE'S NAME WITH A "BUSINESS USE ONLY" RESTRICTION. AT THIS TIME NOVANT HAS ONE SUCH MEMBERSHIP.

PART I, LINE 3: THE FILING ORGANIZATION IS AN AFFILIATE IN AN INTEGRATED HEALTHCARE SYSTEM AND IS SUPPORTED BY A PARENT ORGANIZATION THAT USES THE PROCESS DESCRIBED IN PART VI, LINE 15A OF THIS RETURN TO ESTABLISH THE COMPENSATION OF THE TOP MANAGEMENT OFFICIAL OF THE FILING ORGANIZATION. THIS PROCESS ADHERES TO THE REQUIREMENTS SET FORTH TO SECURE THE REBUTTABLE PRESUMPTION OF REASONABLENESS AND INCLUDES A REVIEW AND APPROVAL BY INDEPENDENT AND DISINTERESTED MEMBERS OF A COMPENSATION COMMITTEE, CONSULTATION WITH INDEPENDENT COMPENSATION CONSULTANTS, THE UTILIZATION OF THIRD-PARTY COMPARABILITY DATA SUCH AS PUBLISHED COMPENSATION SURVEYS, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION.

PART III - OTHER ADDITIONAL INFORMATION

DESCRIPTIONS OF SUPPLEMENTAL EXECUTIVE BENEFITS INCLUDED IN PART VII AND

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE J:

EXECUTIVE ANNUAL INCENTIVE PLAN:

AS PART OF THE REPORTED COMPENSATION AMOUNTS, THE REPORTING ORGANIZATION PROVIDES ANNUAL INCENTIVE COMPENSATION TO OFFICERS AND KEY EMPLOYEES UNDER AN EXECUTIVE ANNUAL INCENTIVE PLAN. THE INCENTIVE PLAN IS DESIGNED TO OFFER OPPORTUNITIES FOR ADDITIONAL COMPENSATION, BUT ONLY TO THE EXTENT THAT ELIGIBLE EXECUTIVES HAVE PROVIDED EXTRAORDINARY SERVICES AND ACHIEVED EXTRAORDINARY RESULTS THAT MEET OR EXCEED PREDETERMINED GOALS IN THE AREAS OF QUALITY, PATIENT SATISFACTION, EMPLOYEE SATISFACTION AND FINANCIAL VITALITY. THESE GOALS ARE ESTABLISHED AND APPROVED BY INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD). THESE GOALS ARE WEIGHTED EQUALLY. THE ADDITIONAL COMPENSATION CAN RANGE ANYWHERE FROM ZERO TO A MAXIMUM PERCENTAGE OF BASE SALARY THAT DIFFERS BY THE CLASS OF EXECUTIVE; THIS MAXIMUM PERCENTAGE RANGES FROM 30% TO 70% OF BASE SALARY. IN ADDITION, THE INDEPENDENT AND DISINTERESTED MEMBERS OF THE BOARD OF TRUSTEES WHO OVERSEE THE INCENTIVE COMPENSATION PROGRAM APPLY TWO "CIRCUIT BREAKERS," WHICH ARE SUBSTANTIAL LEVELS OF ORGANIZATION-WIDE ACHIEVEMENT

Part III Supplemental Information

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THAT MUST BE SATISFIED BEFORE ANY AWARDS ARE PAID TO ANY EXECUTIVE UNDER THE PROGRAM.

THE INCENTIVE COMPENSATION AWARDS HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(II) OF SCHEDULE J. THEY ARE REPORTED IN THE YEAR PAID.

INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THIS ANNUAL INCENTIVE PLAN.

LONG-TERM INCENTIVE PLAN:

THE REPORTING ORGANIZATION OFFERS A LONG-TERM INCENTIVE PLAN (THE "PLAN") TO CERTAIN KEY EXECUTIVES. THE PLAN TIES A KEY EXECUTIVE'S COMPENSATION TO THE ORGANIZATION'S LONG-TERM STRATEGIC PERFORMANCE, PROVIDES A RETENTION INCENTIVE FOR KEY EXECUTIVES, AND ALLOWS THE ORGANIZATION TO COMPETE IN THE MARKETPLACE FOR TOP LEADERSHIP TALENT. THE PLAN OPERATES ON THREE-YEAR PERFORMANCE CYCLES THAT BEGIN EACH YEAR. LONG-TERM STRATEGIC GOALS (IN THE PRINCIPAL AREAS OF QUALITY OF PATIENT CARE AND LONG-TERM FINANCIAL

Part III Supplemental Information

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STRENGTH) ARE ESTABLISHED AND APPROVED FOR EACH CYCLE, IN ADVANCE, BY INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD). NOVANT HEALTH'S INTERNAL AUDIT DEPARTMENT REVIEWS THE METHODOLOGY AND PROCESS USED TO DETERMINE ACHIEVEMENT OF THE QUALITY METRICS. AWARDS ARE PAYABLE FOR A PARTICULAR THREE-YEAR PERFORMANCE CYCLE ONLY IF THE REQUISITE LEVEL OF COMMUNITY BENEFIT AND CHARITY CARE, ALONG WITH THE REQUIRED LEVEL OF FINANCIAL PERFORMANCE TO DEMONSTRATE LONG-TERM FINANCIAL STRENGTH, HAVE BEEN MET FOR THAT RESPECTIVE THREE-YEAR PERFORMANCE PERIOD. IF AN AWARD IS EARNED AT THE END OF A PERFORMANCE CYCLE, THEN THE INCENTIVE AWARD IS PAID OUT AND IS INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(II) OF SCHEDULE J. THEY ARE REPORTED IN THE YEAR PAID.

INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THE PLAN.

Part III Supplemental Information

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SCHEDULE J PART I LINE 4A - SEVERANCE PLAN:

ELIGIBLE EXECUTIVES MAY RECEIVE SEVERANCE PAY THAT IS A SPECIFIED MULTIPLE OF ANNUAL COMPENSATION. THE SEVERANCE PAY WOULD BE PAID ONLY IN THE EVENT OF CERTAIN TYPES OF EMPLOYMENT TERMINATION, AND IS FURTHER CONTINGENT ON THE SATISFACTION OF OTHER CONDITIONS SUCH AS COMPLIANCE WITH A NON-COMPETITION COVENANT. ANY CURRENT YEAR PAYMENTS HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(III) OF SCHEDULE J.

INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THIS SEVERANCE PLAN.

SCHEDULE J PART I LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS:

THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") IS INTENDED TO SUPPORT RETENTION OF KEY EXECUTIVES, AND TO OFFER COMPETITIVE TOTAL COMPENSATION. THESE SERP BENEFITS ARE CALCULATED WITH REFERENCE TO A FORMULA THAT TAKES INTO CONSIDERATION THE EXECUTIVE'S TOTAL YEARS OF SERVICE WITH THE

Part III Supplemental Information

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ORGANIZATION AND OTHER RETIREMENT INCOME. THESE BENEFITS ARE FULLY AT RISK AND WILL NOT BE PAID UNLESS THE EXECUTIVE PROVIDES SUBSTANTIAL FUTURE SERVICES TO THE ORGANIZATION. UNTIL THOSE REQUIREMENTS ARE SATISFIED, IF EVER, THE EXECUTIVE IS NOT ENTITLED TO ANY SERP BENEFIT. IF THE EXECUTIVE WERE TO HAVE LEFT THE ORGANIZATION VOLUNTARILY DURING THE YEAR FOR WHICH THESE AMOUNTS ARE BEING REPORTED (BEFORE REACHING BOTH AGE 55 AND HAVING FIVE YEARS OF SERVICE WITH THE ORGANIZATION), THE EXECUTIVE'S SERP BENEFIT WOULD HAVE BEEN ENTIRELY FORFEITED. THE SERP BENEFIT IS REDUCED AT THE RATE OF 2 PERCENTAGE POINTS PER YEAR FOR PAYMENTS RECEIVED BETWEEN THE AGES OF 55 AND 62.

CURRENT YEAR PAYMENTS OF SERP BENEFITS HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(III) OF SCHEDULE J. AN ESTIMATE OF THE ANNUAL INCREASE IN ACTUARIAL VALUE IS REPORTED AS DEFERRED COMPENSATION IN PART VII AND IN COLUMN (C) OF SCHEDULE J FOR ELIGIBLE EXECUTIVES.

INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER

Part III Supplemental Information

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THIS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN.

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 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE PRESBYTERIAN HOSPITAL

Employer identification number
56-0554230

FORM 990, PART I, LINE 1: ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES

PRESBYTERIAN HOSPITAL AND PRESBYTERIAN HOSPITAL HUNTERSVILLE ARE INTEGRAL PARTS OF THE NOVANT HEALTH SYSTEM (COLLECTIVELY KNOWN AS "NOVANT HEALTH"), A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICE PROVIDERS. NOVANT HEALTH IS RANKED AS ONE OF OUR NATION'S TOP 25 INTEGRATED HEALTHCARE SYSTEMS - CARING FOR PATIENTS AND COMMUNITIES IN NORTH CAROLINA, VIRGINIA AND SOUTH CAROLINA. NOVANT HEALTH REPORTED $3.555 BILLION IN REVENUES IN 2012.

PRESBYTERIAN HOSPITAL AND PRESBYTERIAN HOSPITAL HUNTERSVILLE EXIST TO IMPROVE THE HEALTH OF THE COMMUNITIES THEY SERVE WITH A VISION OF PROVIDING A REMARKABLE PATIENT EXPERIENCE IN EVERY DIMENSION, EVERY TIME. THEY ACCOMPLISH THAT MISSION BY PROVIDING HEALTHCARE SERVICES TO ALL WHO ENTRUST THEIR CARE TO THEM AND BY SUPPORTING THE GREATER CHARLOTTE COMMUNITY THROUGH PARTNERSHIPS AND OUTREACH. THE HOSPITALS SUPPORT ORGANIZATIONS THAT PROVIDE HEALTH SERVICES, EDUCATION AND ASSISTANCE TO THE UNINSURED AND OVERALL COMMUNITY.

IN ADDITION TO OUR QUALITY OF SERVICES, WE'RE VERY PROUD OF OUR PATIENT FINANCIAL ASSISTANCE PROGRAM. WE WORK WITH INDIVIDUALS TO HELP QUALIFY THEM FOR PUBLIC ASSISTANCE, ESTABLISH A REASONABLE PAYMENT PLAN, DISCOUNT THEIR BILL OR PROVIDE THEM WITH FREE CHARITY CARE.

COMMUNITY OUTREACH

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PRESBYTERIAN HOSPITAL COMMUNITY CARE CRUISER- PRESBYTERIAN HEALTHCARE HOSPITALS ARE PROUD OF THEIR OUTREACH EFFORTS, INCLUDING THE MANY SUPPORTED ENTIRELY BY DONATIONS SECURED THROUGH THE PRESBYTERIAN HOSPITAL FOUNDATION. THE PRESBYTERIAN HOSPITAL COMMUNITY CARE CRUISER IS A 38-FOOT MEDICAL CLINIC-ON-WHEELS. CLINICAL STAFF ON THE CRUISER PROVIDES PRIMARY AND PREVENTIVE PEDIATRIC MEDICAL CARE TO UNDERSERVED CHILDREN IN CHARLOTTE AND SURROUNDING AREAS. THE CRUISER HAS JOURNEYED INTO AT-RISK NEIGHBORHOODS, TREATED MORE THAN 7,500 PATIENTS AND PROVIDED MORE THAN 10,500 IMMUNIZATIONS SINCE ITS LAUNCH IN 2007. IN 2012, THE CRUISER WAS PLEASED TO FORM A FORMAL PARTNERSHIP THROUGH THE CHARLOTTE MECKLENBURG SCHOOL SYSTEM TO SUPPORT PROJECT LIFT. PROJECT LIFT IS A PRIVATELY FINANCED PROGRAM THAT AIMS TO INCREASE THE GRADUATION RATE AND CLOSE THE ACHIEVEMENT GAP AT WEST CHARLOTTE HIGH SCHOOL AND SEVEN ELEMENTARY AND MIDDLE SCHOOLS THAT FEED ITS STUDENT BODY. THE PROJECT LIFT MODEL AIMS TO TACKLE THE NEEDS OF THE SCHOOLS WHILE LEVERAGING SUPPORTIVE HEALTHCARE SERVICES, SUCH AS PRESBYTERIAN'S COMMUNITY CARE CRUISER.

DEMOCRATIC NATIONAL CONVENTION- PRESBYTERIAN HEALTHCARE STAFF WORKED DILIGENTLY DURING 2012 TO PREPARE FOR THE DEMOCRATIC NATIONAL CONVENTION BY UPDATING THE SYSTEM'S EMERGENCY OPERATIONS PLAN, COLLABORATING WITH LEADERS FROM HOSPITALS IN CITIES THAT PREVIOUSLY HOSTED THE DNC, CONDUCTING STAFF TRAINING, HOLDING EMERGENCY DRILLS AND MEETING WITH OTHER LOCAL ORGANIZATIONS SUCH AS CAROLINAS HEALTHCARE SYSTEM, PUBLIC HEALTH, MEDIC AND OTHER COUNTY, STATE AND FEDERAL REPRESENTATIVES. PRESBYTERIAN HOSPITAL'S INCIDENT COMMAND CENTER WAS OPEN THE ENTIRE WEEK OF THE DNC. AS THE OFFICIAL HEALTHCARE PROVIDER AT

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TIME WARNER CABLE ARENA WHERE MANY CONVENTION EVENTS WERE HELD, PRESBYTERIAN EVENT MEDICINE PROVIDED ON-SITE MEDICAL SERVICES TO CONVENTION ATTENDEES.

THE SOLOMON HOUSE- AFFILIATED WITH PRESBYTERIAN HOSPITAL HUNTERSVILLE. IN 2012 THE SOLOMON HOUSE WON A COMMUNITY PARTNERS GRANT FROM THE NORTHCROSS BRANCH OF WELLS FARGO. THE GRANT WILL HELP FUND FREE HEALTH EDUCATION AND REFERRALS TO COMMUNITY RESOURCES FOR PEOPLE WHO MIGHT NOT HAVE FULL ACCESS TO HEALTHCARE IN THE HUNTERSVILLE AND LAKE NORMAN AREA.

"BEST FED BEGINNINGS"- PRESBYTERIAN HOSPITAL WAS SELECTED AS ONE OF JUST 90 HOSPITALS NATIONWIDE TO PARTICIPATE IN A 22-MONTH BEST FED BEGINNINGS INITIATIVE TO IMPROVE THE HEALTH OF MOMS AND BABIES. THIS EFFORT AIMS TO HELP HOSPITALS IMPROVE MATERNAL CARE BY ENCOURAGING EXCLUSIVE BREASTFEEDING, LEADING TO MANY HEALTH BENEFITS FOR MOM AND BABY. LED BY THE NATIONAL INITIATIVE FOR CHILDREN'S QUALITY HEALTHCARE AND THE CENTERS FOR DISEASE CONTROL, IT IS DESIGNED TO HELP THE SELECTED HOSPITALS ACHIEVE THE "BABY FRIENDLY HOSPITAL" DESIGNATION AS CLASSIFIED BY THE WORLD HEALTH ORGANIZATION AND UNICEF.

PRESBYTERIAN MOBILE BREAST CENTER - THROUGH FUNDRAISING, THE PRESBYTERIAN HEALTHCARE FOUNDATION WAS ABLE TO ACQUIRE THE HOSPITAL'S FIRST MOBILE MAMMOGRAPHY UNIT, WHICH LAUNCHED IN JUNE OF 2012. THIS UNIT TRAVELS ACROSS THE REGION TO MAKE IT EASIER FOR WOMEN TO RECEIVE THIS IMPORTANT SCREENING.

INTERNATIONAL EARLY LUNG CANCER ACTION PROGRAM TRIAL- PRESBYTERIAN

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CANCER CENTER BEGAN PARTICIPATING IN THE INTERNATIONAL EARLY LUNG CANCER ACTION PROGRAM TRIAL TO INCREASE EARLY DETECTION FOR LUNG CANCER. PRESBYTERIAN CANCER CENTER IS THE ONLY SITE OFFERING THIS RESEARCH TRIAL WITHIN A THREE-STATE RADIUS.

NEW TECHNOLOGY & SERVICES

PRESBYTERIAN HOSPITAL AND PRESBYTERIAN HOSPITAL HUNTERSVILLE ARE CONTINUALLY ANALYZING OUR HEALTHCARE OFFERINGS TO DETERMINE WHAT NEW TECHNOLOGY AND SERVICES SHOULD BE PROVIDED FOR OUR PATIENTS. IN 2012, PRESBYTERIAN HOSPITAL AND PRESBYTERIAN HOSPITAL HUNTERSVILLE INTRODUCED THE FOLLOWING NEW SERVICES:

- PRESBYTERIAN HOSPITAL HUNTERSVILLE EXPANSION- A 15-BED EXPANSION PROJECT WAS COMPLETED TO BRING THE HOSPITAL'S BED COUNT TO 75.

- TRANSCATHETER AORTIC VALVE REPLACEMENT (TAVR)- IN JANUARY 2012, PRESBYTERIAN HOSPITAL BECAME THE FIRST HOSPITAL IN THE CAROLINAS TO PERFORM TRANSCATHETER AORTIC VALVE REPLACEMENT (TAVR) AFTER THE PROCEDURE RECEIVED FDA APPROVAL. A NON-SURGICAL TREATMENT OPTION FOR VALVE REPLACEMENT, TAVR PROVIDES A LESS INVASIVE, LIFESAVING OPTION TO PATIENTS WHO PREVIOUSLY COULD NOT BE SURGICALLY TREATED WITHOUT SIGNIFICANTLY HIGH AND OFTEN PROHIBITIVE RISKS. LATER IN 2012, PRESBYTERIAN HOSPITAL ALSO BECAME THE FIRST HOSPITAL IN THE CHARLOTTE REGION TO PERFORM TAVR BY THE TRANSAPICAL APPROACH. DURING THE TRANSAPICAL APPROACH, A SMALL INCISION IS MADE BETWEEN THE RIBS OF THE LEFT LOWER CHEST TO ACCOMMODATE PATIENTS WHO CANNOT BE TREATED THROUGH THE TRADITIONAL TAVR PROCEDURE.

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- SUBCUTANEOUS IMPLANTABLE CARDIOVERTER DEFIBRILLATOR (S-ICD)- IN OCTOBER 2012, PRESBYTERIAN HOSPITAL BECAME THE FIRST HOSPITAL THE SOUTHEAST TO IMPLANT A SUBCUTANEOUS IMPLANTABLE CARDIOVERTER DEFIBRILLATOR, FOLLOWING THE FOOD AND DRUG ADMINISTRATION'S POST CLINICAL TRIAL APPROVAL OF THE DEVICE SEPT. 28. THE PROCEDURE WAS THE THIRD IMPLANT NATIONWIDE, FOLLOWING FDA APPROVAL.

- PRESBYTERIAN SPORTS MEDICINE SERVED AS THE OFFICIAL HEALTHCARE PROVIDER FOR THE MODERN PENTATHLON U.S. WORLD CUP & OLYMPIC QUALIFIER, USA CANOE/KAYAK NATIONAL TEAM TRIALS AND CHARLOTTE ULTRASWIM.

- SURGICAL SERVICES EXPANDS ROBOTICS PROGRAM- PRESBYTERIAN HOSPITAL'S HIGH-TECH, MULTI-SPECIALTY MINIMALLY INVASIVE SURGERY PROGRAM FEATURING THE DA VINCI SURGICAL SYSTEM STARTED USING THE SYSTEM FOR GALLBLADDER REMOVAL PROCEDURES, IN ADDITION TO ROBOTIC PROCEDURES FOR GYNECOLOGY, UROLOGY AND GENERAL SURGERY.

- PRESBYTERIAN OUTPATIENT SURGERY CENTER- BEGAN OFFERING AN ADVANCED TECHNOLOGY FOR CATARACT REMOVAL SURGERY. THIS NEW SURGERY, CALLED LENSX, IS FASTER AND MORE PRECISE THAN TRADITIONAL METHODS OF CATARACT REMOVAL. LENSX IS A BLADELESS LASER SURGERY THAT ALLOWS SURGEONS TO CUSTOMIZE THE SHAPE, SIZE AND LOCATION OF THE INCISION, UNLIKE USING MANUAL BLADES.

- PRESBYTERIAN BARIATRIC CENTER- BECAME FIRST IN THE CHARLOTTE AREA TO OFFER MICRO-LAPAROSCOPIC TECHNIQUES FOR WEIGHT LOSS SURGERY. WEIGHT-LOSS SURGERY PATIENTS WHO QUALIFY CAN NOW EXPERIENCE ADVANCED

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SURGICAL TECHNOLOGY, SUCH AS LESS PAIN AND SCARRING AFTER SURGERY ALONG WITH SHORTER RECOVERY TIME.

- PRESBYTERIAN SPINE FRACTURE CLINIC- A CLINIC TO FACILITATE TIMELY, APPROPRIATE TREATMENT FOR VERTEBRAL COMPRESSION FRACTURES. WHEN LEFT UNTREATED, THESE FRACTURES HEAL SLOWLY OR NOT AT ALL AND CAN LEAD TO PERMANENT PROBLEMS. THE SPINE FRACTURE CLINIC PROVIDES PATIENTS AND REFERRING PHYSICIANS A SEAMLESS PROCESS FOR FURTHER EVALUATION ONCE A FRACTURE HAS BEEN DETECTED. IT PROVIDES MINIMALLY INVASIVE THERAPY DESIGNED TO RAPIDLY REDUCE OR ELIMINATE PAIN AND STABILIZE THE SPINE TO FOSTER HEALING AS WELL AS APPROPRIATE FOLLOW-UP, SUCH AS OSTEOPOROSIS CARE, TO REDUCE THE RISK OF FUTURE INJURY

- STROKE NAVIGATOR - PATIENTS WHO HAVE A STROKE AND RECEIVE CARE AT PRESBYTERIAN HOSPITAL NOW BENEFIT FROM THE GUIDANCE AND EXPERTISE OF A STROKE NAVIGATOR, WHO WILL VISIT WITH THE PATIENT AND HIS OR HER FAMILY TO PROVIDE INFORMATION ABOUT STROKE AND HELP COORDINATE REHABILITATION AND OTHER FOLLOW-UP CARE.

- PLATELET-RICH PLASMA (PRP) THERAPY - THIS IS AN INNOVATIVE, EFFECTIVE, LOW-RISK TREATMENT TO PROMOTE HEALING OF TENDON INJURIES. IT MERGES LEADING-EDGE TECHNOLOGY WITH THE BODY'S NATURAL ABILITY TO HEAL ITSELF. DELIVERED VIA ULTRASOUND-GUIDED NEEDLE INJECTIONS, PRP THERAPY FURTHER INFLAMES AN ALREADY-INFLAMED AREA TO PROMOTE HEALING OF CHRONIC ISSUES. PRP THERAPY HAS A VAST RANGE OF APPLICATIONS, INCLUDING SPORTS INJURIES, BIOPSIES, MUSCULOSKELETAL WORK, CARPAL TUNNEL SYNDROME, ROTATOR CUFF PROBLEMS, ACHILLES AND ACL INJURIES, BABY HIPS, DEEP TISSUE PROBLEMS, DVT STUDIES TO CHECK FOR CLOTS AND ARTHROGRAMS.

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- FRAGILITY FRACTURE PROGRAM - THIS PROGRAM AT PRESBYTERIAN ORTHOPAEDIC HOSPITAL PROVIDES COMPREHENSIVE CARE FOR FRAGILITY PATIENTS THROUGH EDUCATION, CO-MANAGED CARE AND BEST PRACTICES; LED BY A MULTIDISCIPLINARY TEAM, IT RESULTS IN SHORTER HOSPITAL STAYS, PROMPT REHABILITATION, QUICKER RETURN TO MOBILITY AND EDUCATION ON BONE HEALTH AND FALL PREVENTION TO PREVENT FUTURE INJURIES.

- 3D FLUOROSCOPY IMAGING - THE REGION'S FIRST 3D FLUOROSCOPY ROOM SPECIFICALLY DESIGNED FOR ORTHOPAEDIC PATIENTS OPENED AT PRESBYTERIAN ORTHOPAEDIC HOSPITAL IN 2011. AVAILABLE SERVICES INCLUDE DYNAMIC 3D SPINE MYELOGRAMS AND 3D KINEMATIC AND WEIGHT-BEARING IMAGING OF JOINTS; THE TECHNOLOGY MINIMIZES PATIENT MOVEMENT, IMPROVES COMFORT, ALLOWS FOR LOW-DOSE RADIATION AND PROVIDES FASTER RESULTS.

- HIGH-FIELD, TRUE OPEN MRI - PRESBYTERIAN ORTHOPAEDIC HOSPITAL HAS CHARLOTTE'S FIRST HIGH-FIELD, TRUE OPEN MAGNETIC RESONANCE IMAGING (MRI) SYSTEM. THE LEADING-EDGE MRI SCANNER PRODUCES HIGH-QUALITY IMAGES AND MAXIMUM PATIENT COMFORT. THE OPEN DESIGN ACCOMMODATES PATIENTS UP TO 660 POUNDS, IS IDEAL FOR CLAUSTROPHOBIC PATIENTS AND REDUCES THE NEED FOR SEDATION. FASTER SCAN TIMES ALSO MINIMIZE PATIENT STUDY AND APPOINTMENT TIMES.

- THERASPHERE TECHNOLOGY ADDED TO RADIATION ONCOLOGY PROGRAM - PRESBYTERIAN CANCER CENTER ADDED THERASPHERE, ALSO KNOWN AS RADIOEMBOLIZATION OR SELECTIVE RADIATION THERAPY, TO ITS RADIATION ONCOLOGY PROGRAM TO TREAT METASTATIC LIVER CANCER. THIS LOW TOXICITY, HIGHLY TARGETED THERAPY CONSISTS OF MILLIONS OF 20-30 MICROMETER GLASS

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BEADS THAT ARE DELIVERED DIRECTLY TO THE LIVER TUMOR. THE RADIATION DESTROYS THE TUMOR CELLS FROM WITHIN THE TUMOR, WITH MINIMAL IMPACT TO THE SURROUNDING HEALTHY LIVER TISSUE.

- LATE EFFECTS CLINIC FOR PEDIATRIC CANCER SURVIVORS - PRESBYTERIAN BLUME PEDIATRIC HEMATOLOGY & ONCOLOGY CLINIC LAUNCHED THE HOPES (HELPING OUR PATIENTS EMBRACE SURVIVORSHIP) CLINIC TO ADDRESS SURVIVORSHIP ISSUES AND POSSIBLE LATE EFFECTS FROM TREATMENT. THIS MULTIDISCIPLINARY TEAM OF ONCOLOGISTS, CARDIOLOGISTS, NUTRITIONISTS, CHILD LIFE SPECIALISTS AND SOCIAL WORKERS FOCUSES ON OPTIMIZING HEALTH AND QUALITY OF LIFE AFTER CANCER. ISSUES ADDRESSED INCLUDE PHYSICAL, COGNITIVE, SOCIAL AND EMOTIONAL EFFECTS OF TREATMENT.

PRESBYTERIAN HOSPITAL AND PRESBYTERIAN HOSPITAL HUNTERSVILLE WERE THE RECIPIENTS OF SEVERAL NATIONAL AWARDS IN 2012:

- BEST HOSPITALS IN AMERICA - PRESBYTERIAN HOSPITAL NAMED AMONG "100 GREAT HOSPITALS" IN THE NATION BY BECKER'S HOSPITAL REVIEW IN 2012.

- ADVANCED CERTIFICATION IN HEART FAILURE - THE PRESBYTERIAN CARDIOVASCULAR INSTITUTE (CVI) WAS AWARDED THE JOINT COMMISSION'S ADVANCED CERTIFICATION IN HEART FAILURE. THE CERTIFICATION MEANS THE HOSPITAL HAS MET COMPLIANCE WITH THE JOINT COMMISSION'S NATIONAL STANDARDS FOR HEALTHCARE QUALITY AND SAFETY IN ADVANCED HEART FAILURE CARE. ACHIEVING JOINT COMMISSION CERTIFICATION DEMONSTRATES THE HOSPITAL'S COMMITMENT TO THE HIGHEST LEVEL OF CARE FOR ITS PATIENTS WITH ADVANCED HEART FAILURE.

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- AMERICAN HEART ASSOCIATION'S MISSION: LIFELINE- PRESBYTERIAN HOSPITAL RECEIVED THE AMERICAN HEART ASSOCIATION'S MISSION: LIFELINE SILVER PERFORMANCE ACHIEVEMENT AWARD AND PRESBYTERIAN HOSPITAL MATTHEWS AND PRESBYTERIAN HOSPITAL HUNTERSVILLE RECEIVED THE ASSOCIATION'S BRONZE QUALITY ACHIEVEMENT AWARD FOR REFERRAL HOSPITALS. THE AWARDS RECOGNIZE PRESBYTERIAN'S COMMITMENT AND SUCCESS IN IMPLEMENTING A HIGHER STANDARD OF CARE FOR HEART ATTACK PATIENTS THAT EFFECTIVELY IMPROVES THE SURVIVAL AND CARE OF STEMI (ST ELEVATION MYOCARDIAL INFARCTION) PATIENTS.

- DISEASE-SPECIFIC CARE CERTIFICATION - PRESBYTERIAN ORTHOPAEDIC HOSPITAL IS RECOGNIZED NATIONALLY FOR QUALITY OUTCOMES. THE JOINT COMMISSION AWARDED THE GOLD SEAL OF APPROVAL(TM) FOR HEALTHCARE QUALITY TO FIVE OF THE HOSPITAL'S JOINT AND SPINE PROGRAMS IN 2010 AND AGAIN IN 2012 (THE CERTIFICATION LASTS FOR TWO YEARS). BOTH TIMES, THE HOSPITAL EARNED DISEASE-SPECIFIC CARE CERTIFICATION FOR THREE OF ITS JOINT PROGRAMS (HIP FRACTURE, HIP REPLACEMENT AND KNEE REPLACEMENT) AND TWO OF ITS SPINE PROGRAMS (LAMINECTOMY AND SPINAL FUSION).

- ADVANCED CERTIFICATION FOR PRIMARY STROKE CENTERS- ALL THREE PRESBYTERIAN HEALTHCARE CHARLOTTE-AREA ACUTE CARE HOSPITALS HAVE RETAINED ADVANCED CERTIFICATION FOR PRIMARY STROKE CENTERS FROM THE JOINT COMMISSION, IN CONJUNCTION WITH THE AMERICAN HEART ASSOCIATION/AMERICAN STROKE ASSOCIATION. PRESBYTERIAN HOSPITAL IN CHARLOTTE WAS THE FIRST HOSPITAL IN THE REGION TO RECEIVE THIS DESIGNATION. PRESBYTERIAN HOSPITAL HUNTERSVILLE AND PRESBYTERIAN HOSPITAL MATTHEWS WERE AWARDED PRIMARY STROKE CENTER DESIGNATIONS IN 2006.

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- PRESBYTERIAN CANCER CENTER NAMED NETWORK CANCER PROGRAM - THE COMMISSION ON CANCER AWARDED PRESBYTERIAN CANCER CENTER NETWORK STATUS AND THREE-YEAR ACCREDITATION WITH COMMENDATION AS A NETWORK CANCER PROGRAM BY THE COMMISSION ON CANCER (COC) OF THE AMERICAN COLLEGE OF SURGEONS. PRESBYTERIAN CANCER CENTER IS ONE OF ONLY 30 CANCER CENTERS ACROSS THE COUNTRY TO RECEIVE THIS DESIGNATION. ACCREDITATION BY THE COC IS GIVEN ONLY TO THOSE NETWORKS WHO HAVE VOLUNTARILY COMMITTED TO PROVIDING THE HIGHEST LEVEL OF QUALITY CANCER CARE AND THAT UNDERGO A RIGOROUS EVALUATION PROCESS AND REVIEW OF THEIR PERFORMANCE.

- PRESBYTERIAN CANCER CENTER EARNS NATIONAL ACCREDITATION FOR BREAST CARE - PRESBYTERIAN CANCER CENTER'S MULTIDISCIPLINARY BREAST PROGRAM WAS GRANTED A THREE-YEAR/FULL ACCREDITATION DESIGNATION BY THE NATIONAL ACCREDITATION PROGRAM FOR BREAST CENTERS (NAPBC), A PROGRAM ADMINISTERED BY THE AMERICAN COLLEGE OF SURGEONS. ACCREDITATION BY THE NAPBC IS ONLY GIVEN TO THOSE CENTERS THAT HAVE VOLUNTARILY COMMITTED TO PROVIDE THE HIGHEST LEVEL OF QUALITY BREAST CARE AND THAT UNDERGO A RIGOROUS EVALUATION PROCESS AND REVIEW OF THEIR PERFORMANCE

- PRESBYTERIAN NEUROLOGY CENTER- EARNED ACCREDITATION IN INTRACRANIAL CEREBROVASCULAR TESTING FROM THE INTERSOCIETAL ACCREDITATION COMMISSION (IAC). THE IAC ACCREDITS FACILITIES THAT DEMONSTRATE PROVIDING QUALITY PATIENT CARE IN COMPLIANCE WITH NATIONAL STANDARDS THROUGH A COMPREHENSIVE APPLICATION PROCESS INCLUDING DETAILED CASE STUDY REVIEW.

- TARGET STROKE HONOR ROLL - PRESBYTERIAN HOSPITAL IS ONE OF FIVE NC HOSPITALS ON THE AMERICAN HEART ASSOCIATION'S TARGET STROKE HONOR ROLL

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AS OF DECEMBER 2012.

COMMUNITY BENEFIT REPORT:

HTTP://WWW.NOVANTHEALTH.ORG/GIVEBACK/COMMUNITYBENEFITREPORT.ASPX

THE COMMUNITY BENEFIT REPORT PREPARED BY NOVANT HEALTH IS A SYSTEM-WIDE REPORT THAT INCLUDES QUALITATIVE AND QUANTITATIVE INFORMATION. IN THIS REPORT, THE NOVANT HEALTH SYSTEM'S COMMUNITY BENEFIT WAS APPROXIMATELY $546,000,000 IN 2012. PLEASE NOTE THAT THE NUMERIC DATA IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT.

FORM 990, PART I, LINE 6:

THE NUMBER OF VOLUNTEERS REPORTED INCLUDES THOSE VOLUNTEERS SERVING AS BOARD MEMBERS.

FORM 990, PART III, LINE 1: MISSION, VISION, AND VALUES

MISSION: NOVANT HEALTH EXISTS TO IMPROVE THE HEALTH OF COMMUNITIES, ONE PERSON AT A TIME.

VISION: WE, THE EMPLOYEES OF NOVANT AND OUR PHYSICIAN PARTNERS, WILL DELIVER THE MOST REMARKABLE PATIENT EXPERIENCE, IN EVERY DIMENSION, EVERY TIME.

VALUES:

COMPASSION: WE TREAT OUR CUSTOMERS AND THEIR FAMILIES, STAFF AND OTHER HEALTHCARE PROVIDERS AS FAMILY MEMBERS BY SHOWING THEM KINDNESS, PATIENCE, EMPATHY AND RESPECT.

DIVERSITY: WE RECOGNIZE THAT EVERY PERSON IS DIFFERENT, EACH SHAPED BY

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UNIQUE LIFE EXPERIENCES. THIS ENABLES US TO BETTER UNDERSTAND ONE ANOTHER AND OUR CUSTOMERS.

PERSONAL EXCELLENCE: WE STRIVE TO GROW PERSONALLY AND PROFESSIONALLY, AND WE APPROACH EACH SERVICE OPPORTUNITY WITH A POSITIVE, FLEXIBLE ATTITUDE. HONESTY AND PERSONAL INTEGRITY GUIDE ALL THAT WE DO.

TEAMWORK: THE NEEDS AND EXPECTATIONS OF ANY ONE CUSTOMER ARE GREATER THAN THAT WHICH ONE PERSON'S SERVICE EFFORTS CAN SATISFY. WE SUPPORT EACH OTHER SO THAT TOGETHER AS A TEAM, WE CAN BE SUCCESSFUL IN THE EYE OF THE CUSTOMER AS A QUALITY SERVICE PROVIDER.

FORM 990, PART III, LINE 4A: PROGRAM SERVICE ACCOMPLISHMENTS

PHH HAD 75 LICENSED BEDS. THERE WERE 19,849 PATIENT DAYS, WITH AN AVERAGE LENGTH OF STAY OF 3.6 DAYS AND AN AVERAGE DAILY CENSUS OF 54.2. THERE WERE 5,700 DISCHARGES, 4,649 INPATIENT AND OUTPATIENT SURGERIES, 57,243 OUTPATIENT ENCOUNTERS AND 33,998 EMERGENCY DEPARTMENT VISITS.

FORM 990, PART VI, SECTION A, LINE 2: FAMILY AND/OR BUSINESS RELATIONSHIPS:

BUSINESS RELATIONSHIP

PATRICK PHILLIPS

VIOLA LYLES

FORM 990, PART VI, SECTION A, LINE 6: CLASSES OF MEMBERS OR STOCKHOLDERS

THE CORPORATION IS A NONPROFIT CORPORATION WITH MEMBERS (OR A MEMBER).

FORM 990, PART VI, SECTION A, LINE 7A: ELECTION OF MEMBERS AND THEIR

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RIGHTS

THE BOARD MEMBERS OF THE GOVERNING BODY OF PRESBYTERIAN HOSPITAL ARE THE SAME AS THOSE OF THE NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC, A RELATED ENTITY.

FORM 990, PART VI, SECTION A, LINE 7B: DECISIONS SUBJECT TO APPROVAL OF MEMBERS

THE BOARD OF NOVANT HEALTH, INC. APPROVES CHANGES MADE TO THE PRESYTERIAN HOSPITAL BYLAWS.

FORM 990, PART VI, SECTION B, LINE 11: ORGANIZATION'S PROCESS TO REVIEW FORM 990

THE BOARD HAS DELEGATED REVIEW OF THE FORM 990 TO NOVANT HEALTH'S AUDIT AND COMPLIANCE COMMITTEE, WHICH OVERSEES TAX MATTERS FOR NOVANT HEALTH. THE AUDIT AND COMPLIANCE COMMITTEE IS THE REVIEW BODY FOR ALL OF THE FORM 990S FILED FOR ORGANIZATIONS WITHIN THE NOVANT HEALTH SYSTEM. THE AUDIT AND COMPLIANCE COMMITTEE MEETS BEFORE THE FORM 990S ARE FILED WITH THE IRS AND AFTER ALL BOARD MEMBERS HAVE RECEIVED A COPY OF THE FORM 990 AND A SUMMARY OF ITS CONTENTS. THE SENIOR DIRECTOR OF TAX AND LEGAL COUNSEL FOR NOVANT HEALTH ATTEND THE MEETING TO ANSWER ANY QUESTIONS AND ADDRESS ANY SIGNIFICANT DISCLOSURES WITHIN THE FORM 990.

FORM 990, PART VI, SECTION B, LINE 12C: MONITORING AND ENFORCEMENT OF COI

THE ORGANIZATION'S TRUSTEE CONFLICT OF INTEREST POLICY APPLIES TO ALL TRUSTEES, PRINCIPAL OFFICERS OR MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS INCLUDING ANY APPLICABLE DISREGARDED ENTITIES. ALL TRUSTEES ARE SENT AN ANNUAL DISCLOSURE FORM. ANY POSITIVE ANSWERS ON THE TRUSTEE ANNUAL DISCLOSURE FORM ARE REVIEWED BY THE GENERAL COUNSEL. IF THE

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RELATIONSHIP DISCLOSED IS DETERMINED NOT TO POSE A POTENTIAL CONFLICT OF INTEREST GENERALLY, THEN NO ACTION IS TAKEN. WITH RESPECT TO PARTICULAR TRANSACTIONS THAT COME BEFORE THE BOARD, THE POTENTIAL CONFLICT OF INTEREST IS DISCLOSED BY THE BOARD MEMBER, GENERALLY IN ADVANCE OF THE MEETING AT WHICH A VOTE IS TO TAKE PLACE, AND LEGAL COUNSEL DISCUSSES THE POTENTIAL CONFLICT OF INTEREST WITH THE BOARD MEMBER. THE BOARD MEMBER IS INSTRUCTED IN ACCORDANCE WITH THE TRUSTEE CONFLICT OF INTEREST POLICY. IF A CONFLICT OF INTEREST IS FOUND TO EXIST, THEN THE BOARD MEMBER WITH THE CONFLICT REFRAINS FROM PARTICIPATION IN THE BOARD'S DELIBERATIONS AND VOTE ON THE TRANSACTION.

FORM 990, PART VI, SECTION B, LINE 13: WRITTEN WHISTLEBLOWER POLICY

THE ORGANIZATION IS PART OF THE INTEGRATED HEALTHCARE SYSTEM OPERATED BY NOVANT HEALTH, INC. ("NOVANT HEALTH"), THE PARENT ORGANIZATION. NOVANT HEALTH'S BYLAWS AUTHORIZE IT TO ESTABLISH CERTAIN POLICIES FOR ALL OF ITS SUBSIDIARIES WITHIN THE SYSTEM. ALL SUBSIDIARY ORGANIZATIONS FOLLOW ALL APPLICABLE NOVANT HEALTH CORPORATE POLICIES IN THEIR OPERATIONS. NOVANT HEALTH HAS ESTABLISHED A WHISTLEBLOWER POLICY, WHICH ALL SUBSIDIARY ORGANIZATIONS IN THE SYSTEM FOLLOW. THE INDIVIDUAL SUBSIDIARY ORGANIZATION'S BOARD OF TRUSTEES DO NOT SPECIFICALLY ADOPT OR APPROVE EACH OPERATING POLICY, AS THERE ARE HUNDREDS OF POLICIES THAT APPLY TO ALL SUBSIDIARY ORGANIZATIONS AND THEY CANNOT PRACTICABLY BE APPROVED BY ALL OF THE INDIVIDUAL BOARDS.

FORM 990, PART VI, SECTION B, LINE 14: WRITTEN DOCUMENT RETENTION AND DESTRUCTION POLICY

THE ORGANIZATION IS PART OF THE INTEGRATED HEALTHCARE SYSTEM OPERATED BY NOVANT HEALTH, INC. ("NOVANT HEALTH"), THE PARENT ORGANIZATION. NOVANT

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HEALTH'S BYLAWS AUTHORIZE IT TO ESTABLISH CERTAIN POLICIES FOR ALL OF ITS SUBSIDIARIES WITHIN THE SYSTEM. ALL SUBSIDIARY ORGANIZATIONS FOLLOW ALL APPLICABLE NOVANT HEALTH CORPORATE POLICIES IN THEIR OPERATIONS. NOVANT HEALTH HAS ESTABLISHED A DOCUMENT RETENTION AND DESTRUCTION POLICY, WHICH ALL SUBSIDIARY ORGANIZATIONS IN THE SYSTEM FOLLOW. THE INDIVIDUAL SUBSIDIARY ORGANIZATION'S BOARD OF TRUSTEES DO NOT SPECIFICALLY ADOPT OR APPROVE EACH OPERATING POLICY, AS THERE ARE HUNDREDS OF POLICIES THAT APPLY TO ALL SUBSIDIARY ORGANIZATIONS AND THEY CANNOT PRACTICABLY BE APPROVED BY ALL OF THE INDIVIDUAL BOARDS.

FORM 990, PART VI, SECTION B, LINE 15A: COMPENSATION PROCESS FOR TOP OFFICIAL

INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS OF COMPENSATION AND BENEFITS FOR CERTAIN LEADERS AND EXECUTIVES ("EXECUTIVES") SERVING RELATED OR DISREGARDED ENTITIES. THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT, USES THIRD PARTY COMPARABILITY DATA FOR FUNCTIONALLY SIMILAR POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS, AND MAKES SURE THAT TOTAL COMPENSATION AND BENEFITS FOR EACH EXECUTIVE DO NOT EXCEED FAIR MARKET VALUE WHEN COMPARED TO THE MARKET DATA FOR SIMILAR POSITIONS. THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION AND BENEFITS ANNUALLY, CONSISTENT WITH THE WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY OF NOVANT HEALTH, AND IN A MANNER THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, THEREBY ASSURING THAT TOTAL COMPENSATION AND BENEFITS PROVIDED TO EACH EXECUTIVE IS REASONABLE. THE COMMITTEE REVIEWS AND APPROVES EACH ITEM OF THE NOVANT HEALTH SYSTEM CEO'S

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COMPENSATION AND BENEFITS.

FORM 990, PART VI, SECTION B, LINE 15B: COMPENSATION PROCESS FOR OFFICERS INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS OF COMPENSATION AND BENEFITS FOR CERTAIN LEADERS AND EXECUTIVES ("EXECUTIVES") SERVING RELATED OR DISREGARDED ENTITIES. THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT, USES THIRD PARTY COMPARABILITY DATA FOR FUNCTIONALLY SIMILAR POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS, AND MAKES SURE THAT TOTAL COMPENSATION AND BENEFITS FOR EACH EXECUTIVE DO NOT EXCEED FAIR MARKET VALUE WHEN COMPARED TO THE MARKET DATA FOR SIMILAR POSITIONS. THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION AND BENEFITS ANNUALLY, CONSISTENT WITH THE WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY OF NOVANT HEALTH, AND IN A MANNER THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, THEREBY ASSURING THAT TOTAL COMPENSATION AND BENEFITS PROVIDED TO EACH EXECUTIVE IS REASONABLE. LASTLY, IT REVIEWS AND APPROVES ALL OF THE ELEMENTS AND SPECIFICATIONS INCLUDED IN ALL OTHER EXECUTIVE AND LEADER COMPENSATION PLANS AND PROGRAMS (E.G., INCENTIVE PLAN DESIGN, AWARD OPPORTUNITIES, ETC.).

FORM 990, PART VI, SECTION C, LINE 19: GOVERNING DOCUMENTS DISCLOSURE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTAINING ALL ORGANIZATIONS IN THE NOVANT HEALTH SYSTEM ARE POSTED TO THE NOVANT HEALTH WEBSITE. THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO THE PUBLIC.

FORM 990, PART VII, SECTION A, COLUMN B: RELATED ORGANIZATIONS

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THE ORGANIZATION EMPLOYS CERTAIN EXECUTIVES WHOSE ROLES ARE SUCH THAT THEY PROVIDE SERVICES TO NOT ONLY THE ORGANIZATION, BUT ALSO TO SOME OR ALL OF THE OTHER TAX-EXEMPT ORGANIZATIONS WITHIN THE NOVANT HEALTHCARE SYSTEM. FOR EXAMPLE, MANY OF THESE EXECUTIVES' ROLES FOCUS ON PARTICULAR SERVICE LINES WHICH CROSS THE VARIOUS GEOGRAPHIC MARKETS OUR ORGANIZATIONS SERVE, THUS THE SERVICES PROVIDED BY THESE EXECUTIVES MAY BENEFIT AND BE RECEIVED BY MULTIPLE ORGANIZATIONS WITHIN THE SYSTEM. THE EXECUTIVES DO NOT ALLOCATE THEIR HOURS BETWEEN THE VARIOUS ORGANIZATIONS, BUT RATHER THEIR TIME SPENT ON SERVICES TO THE ORGANIZATION IS INCLUSIVE OF SERVICES TO ALL OF THE ORGANIZATIONS THEY SERVE WITHIN THE SYSTEM.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

AFFILIATE TRANSFERS:	-1,475,347.
MALPRACTICE INSURANCE ADJUSTMENT:	-2,204,843.
K-1 ADJUSTMENTS:	-1,325,856.
ROUNDING	11.
TOTAL TO FORM 990, PART XI, LINE 9	-5,006,035.

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
2012
Open to Public Inspection

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

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

Part II **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to 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 entity? Yes	(g) Section 512(b)(13) controlled entity? No
AUXILIARY OF FORSYTH MEMORIAL HOSPITAL - 56-0862112, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 9	FORSYTH MEMORIAL HOSPITAL, INC.		X
BRUNSWICK NOVANT MEDICAL CENTER FOUNDATION - 27-4616751, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	BRUNSWICK COMMUNITY HOSPITAL, LLC		X
CAROLINA MEDICORP ENTERPRISES, INC. - 58-1466368, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 11B, II	NOVANT MEDICAL GROUP, INC.		X
COMMUNITY GENERAL HEALTH PARTNERS, INC. - 56-0636250, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION, LLC		X

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) No
COMMUNITY GENERAL HOSPITAL FOUNDATION, INC. - 56-1828629, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	COMMUNITY GENERAL HEALTH PARTNERS, INC.		X
CONTINUING CARE SERVICES - 54-1288473 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 9	PRINCE WILLIAM HEALTH SYSTEM		X
FORSYTH MEDICAL CENTER FOUNDATION - 56-2120959, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	FORSYTH MEMORIAL HOSPITAL, INC.		X
FORSYTH MEMORIAL HOSPITAL, INC. - 56-0928089 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION, LLC		X
FOUNDATION HEALTH SYSTEMS CORP. - 56-1373175 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 9	NOVANT HEALTH, INC.		X
MEDICAL PARK HOSPITAL, INC. - 56-1340424 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION, LLC		X
NOVANT HEALTH, INC. - 56-1376950 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 11C, III-FI	N/A		X
NOVANT MEDICAL GROUP, INC. - 58-1728803 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NMG SERVICES, INC.		X
PERSONAL CARE SERVICES - 54-1291284 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 9	PRINCE WILLIAM HEALTH SYSTEM		X
PRESBYTERIAN HOSPITAL FOUNDATION - 58-1413074, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC		X
PRESBYTERIAN MEDICAL CARE CORPORATION - 56-1376368, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC		X
PRINCE WILLIAM HEALTH SYSTEM - 54-1278944 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH, INC.		X

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) Section 512(b)(13) controlled organization? No
PWHS FOUNDATION - 54-1307595 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 7	PRINCE WILLIAM HEALTH SYSTEM		X
PRINCE WILLIAM HOSPITAL - 54-0696355 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 3	PRINCE WILLIAM HEALTH SYSTEM		X
ROWAN HEALTH SERVICES CORP. - 56-1424814 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH, INC.		X
NMG SERVICES, INC. (FKA ROWAN MEDICAL PRACTICES) - 56-2098809, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 9	NOVANT HEALTH, INC.		X
ROWAN REGIONAL MEDICAL CENTER AUXILIARY - 23-7022472, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 9	ROWAN REGIONAL MEDICAL CENTER, INC.		X
ROWAN REGIONAL MEDICAL CENTER FOUNDATION, INC. - 56-1424818, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	ROWAN REGIONAL MEDICAL CENTER, INC.		X
ROWAN REGIONAL MEDICAL CENTER, INC. - 56-0547479, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	ROWAN HEALTH SERVICES CORP.		X
SELF INSURANCE FUND - NOVANT HEALTH, INC. - 58-1867242, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH, INC.		X

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
SOUTHPARK SURGERY CENTER, LLC - 87-0714098, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NC	THE PRESBYTERIAN HOSPITAL	RELATED	1,325,856.	3,971,827.		X	N/A		X	60.00%

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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	(i) Section 512(b)(13) controlled entity? Yes	(i) No
COMMUNICARE, INC. - 56-1952950 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	RENTAL REAL ESTATE	NC	N/A	C CORP	N/A	N/A	N/A		X
CHOICEHEALTH, INC. - 56-1896065 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	MANAGED CARE	NC	N/A	C CORP	N/A	N/A	N/A		X
NOVANT HEALTH SHARED SERVICES, INC. (FKA ADEPT HEALTH, INC.) - 56-2226937, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	ADMIN SVCS	NC	N/A	C CORP	N/A	N/A	N/A		X
SALEM HEALTH SERVICES INC. - 56-1342654 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTH RELATED	NC	N/A	C CORP	N/A	N/A	N/A		X
SALEM DIAGNOSTICS, INC. - 56-1513621 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTH RELATED	NC	N/A	C CORP	N/A	N/A	N/A		X

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(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	(i) Section 512(b)(13) controlled entity? Yes	(i) Section 512(b)(13) controlled entity? No
MEDQUEST ASSOCIATES, INC. - 22-3860764 3480 PRESTON RIDGE RD, STE 600 ALPHARETTA, GA 30005	DIAGNOSTIC IMAGING	DE	N/A	C CORP	N/A	N/A	N/A		X
TRINOVA INSURANCE LTD - 98-0615601 58 PAR LA VILLE ROAD, PO BOX 1995 HAMILTON, BERMUDA HMHX, BERMUDA	INSURANCE	BERMUDA	N/A	C CORP	N/A	N/A	N/A		X
PRESBYTERIAN WOMEN'S CARE CORP. - 56-2217545 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NC	N/A	C CORP	N/A	N/A	N/A		X
NEW STAR RISK RETENTION GROUP INC. - 20-3382230, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	INSURANCE	SC	N/A	C CORP	N/A	N/A	N/A		X
ROWAN MEDICAL FACILITIES INC. - 56-1424672 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	MEDICAL SUPPLIES	NC	N/A	C CORP	N/A	N/A	N/A		X
ROWAN MEDICAL ALLIANCE, INC. - 56-1992669 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INSURANCE	NC	N/A	C CORP	N/A	N/A	N/A		X
FISCAL CORP, LTD - 54-1282069 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTH RELATED	VA	N/A	C CORP	N/A	N/A	N/A		X
PRINCE WILLIAM FAMILY HEALTHCARE - 54-1748199, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTH RELATED	VA	N/A	C CORP	N/A	N/A	N/A		X
PRINCE WILLIAM MEDICAL SUPPLY - 54-1307554 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTH RELATED	VA	N/A	C CORP	N/A	N/A	N/A		X

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.		Yes	No
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 or **(iv)** rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to related organization(s)	1b		X
c Gift, grant, or capital contribution from related organization(s)	1c	X	
d Loans or loan guarantees to or for related organization(s)	1d		X
e Loans or loan guarantees by related organization(s)	1e		X
f Dividends from related organization(s)	1f		X
g Sale of assets to related organization(s)	1g		X
h Purchase of assets from related organization(s)	1h		X
i Exchange of assets with related organization(s)	1i		X
j Lease of facilities, equipment, or other assets to related organization(s)	1j	X	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		X
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		X
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		X
o Sharing of paid employees with related organization(s)	1o		X
p Reimbursement paid to related organization(s) for expenses	1p		X
q Reimbursement paid by related organization(s) for expenses	1q	X	
r Other transfer of cash or property to related organization(s)	1r		X
s Other transfer of cash or property from related organization(s)	1s	X	

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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SOUTH PARK SURGERY CENTER	Q	3,201,685.	COST
(2) SOUTH PARK SURGERY CENTER	S	1,769,453.	CASH
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII Supplemental Information

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

Novant Health, Inc. and Affiliates

Combined Financial Statements
December 31, 2012 and 2011

Novant Health, Inc. and Affiliates
Index
December 31, 2012 and 2011

Independent Auditor's Report

To the Board of Trustees of
Novant Health, Inc.

We have audited the accompanying combined financial statements of Novant Health, Inc. and Affiliates (the "Company"), which comprise the combined balance sheets as of December 31, 2012 and 2011, and the related combined statements of operations and changes in net assets and cash flows for the years then ended.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Novant Health, Inc. and Affiliates at December 31, 2012 and 2011, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 29, 2013

PricewaterhouseCoopers LLP, 800 Green Valley Road, Suite 500, Greensboro, NC 27408
T: (336) 665-2700, F: (336) 665-2699, www.pwc.com/us

Novant Health, Inc. and Affiliates
Combined Balance Sheets
December 31, 2012 and 2011

(in thousands of dollars)	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 276,637	$ 301,708
Accounts receivable, net of allowance for doubtful accounts of $197,913 in 2012 and $198,654 in 2011	390,180	393,211
Short-term investments	308,696	185,450
Current portion of assets limited as to use	23,851	34,340
Deferred tax asset	3,728	5,266
Assets held for sale	-	2,918
Receivable for settlement with third-party payors	12,599	11,008
Other current assets	141,527	116,581
Total current assets	1,157,218	1,050,482
Assets limited as to use, net of current portion	81,394	118,229
Long-term investments	1,192,288	1,081,962
Property and equipment, net	1,656,968	1,607,736
Intangible assets and goodwill, net	389,782	412,660
Investments in affiliates	162,145	173,189
Deferred tax asset	2,945	5,714
Other assets	51,114	42,987
Total assets	$ 4,693,854	$ 4,492,959
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	$ 78,423	$ 167,623
Short-term borrowings	124,071	80,876
Accounts payable	134,163	112,237
Accrued liabilities	333,305	310,552
Estimated third-party payor settlements	26,453	26,645
Total current liabilities	696,415	697,933
Long-term debt, net of current portion	1,472,993	1,531,976
Derivative financial instruments	71,778	71,810
Employee benefits and other liabilities	289,545	313,950
Total liabilities	2,530,731	2,615,669
Commitments and contingencies		
Net assets		
Unrestricted - attributable to Novant	2,116,534	1,831,679
Unrestricted - noncontrolling interests	9,737	10,972
Temporarily restricted	26,953	25,743
Permanently restricted	9,899	8,896
Total net assets	2,163,123	1,877,290
Total liabilities and net assets	$ 4,693,854	$ 4,492,959

The accompanying notes are an integral part of these combined financial statements.

Novant Health, Inc. and Affiliates
Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2012 and 2011

(in thousands of dollars)	2012	2011
Operating revenues		
Patient service revenues (net of contractual allowances and discounts)	$ 3,576,979	$ 3,315,396
Provision for bad debts	(179,524)	(185,579)
Net patient service revenues less provision for bad debts	3,397,455	3,129,817
Premium revenue	5,452	2,948
Other revenue	152,366	134,785
Total operating revenues	3,555,273	3,267,550
Operating expenses		
Salaries and employee benefits	1,832,776	1,797,221
Supplies and other	1,250,379	1,138,192
Depreciation expense	181,870	184,246
Amortization expense	6,719	6,836
Impairment charge	18,388	44,118
Interest expense	80,413	76,714
Total operating expenses	3,370,545	3,247,327
Operating income	184,728	20,223
Non-operating income (expense)		
Investment income (loss)	108,838	(19,817)
Unrealized gain (loss) on non-hedged derivative financial instruments	207	(68)
Income tax benefit (expense)	(8,967)	488
Other, net	(3,280)	64
Loss on extinguishment of debt	(7,936)	-
Excess of revenues over expenses	$ 273,590	$ 890

The accompanying notes are an integral part of these combined financial statements

Novant Health, Inc. and Affiliates
Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2012 and 2011

(in thousands of dollars)	2012	2011
Unrestricted net assets		
Excess of revenues over expenses	$ 273,590	$ 890
Change in funded status of defined benefit plans	11,039	(56,591)
Unrealized loss on derivative financial instruments	(2,078)	(32,363)
Other changes in unrestricted net assets	2,188	2,397
Increase (decrease) in unrestricted net assets, before effects of discontinued operations	284,739	(85,667)
Discontinued operations		
Loss on discontinued operations	(2,840)	(4,391)
Income tax benefit	-	395
Gain on sale of discontinued operations	1,721	14,893
Increase (decrease) in unrestricted net assets	283,620	(74,770)
Temporarily restricted net assets		
Contributions and investment income	6,768	4,644
Net assets released from restrictions for operations	(5,558)	(4,573)
Increase in temporarily restricted net assets	1,210	71
Permanently restricted net assets		
Contributions	1,003	187
Increase in permanently restricted net assets	1,003	187
Increase (decrease) in total net assets	285,833	(74,512)
Net assets, beginning of year	1,877,290	1,951,802
Net assets, end of year	$ 2,163,123	$ 1,877,290

The accompanying notes are an integral part of these combined financial statements.

Novant Health, Inc. and Affiliates
Combined Statements of Cash Flows
Years Ended December 31, 2012 and 2011

(in thousands of dollars)	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ 285,833	$ (74,512)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	192,748	190,461
Loss (gain) on sale of real estate	(4,693)	887
Gain on sale of business	(7,998)	-
Impairment charge	18,388	44,118
Loss on extinguishment of debt	7,936	-
Loss on sale of investment	3,167	-
Gain on sale of discontinued operations	(1,721)	(14,893)
Change in funded status of defined benefit plans	(11,039)	56,591
Share of earnings in affiliates, net of distributions	263	1,488
Net (gains) losses on assets limited as to use and investments	(74,952)	23,804
Change in fair value of interest rate swap	(32)	31,058
Provision for bad debts	179,524	185,579
Changes in operating assets and liabilities		
Accounts receivable	(176,493)	(186,462)
Investments and assets limited as to use	(159,093)	(221,576)
Accounts payable and accrued liabilities	37,404	19,326
Deferred taxes, net	4,307	(1,537)
Other assets and liabilities, net	(43,052)	10,558
Net cash provided by operating activities	250,497	64,890
Cash flows from investing activities		
Capital expenditures	(242,799)	(188,040)
Proceeds from sale of affiliates	11,324	24,051
Proceeds from sale of property and equipment	2,882	10,632
Cash paid for acquisitions	(363)	(4,616)
Net proceeds from the liquidation (purchase) of short-term investments	6,895	(6,127)
Repayment of notes receivable and other, net	(21)	865
Net cash used in investing activities	(222,082)	(163,235)
Cash flows from financing activities		
Principal payments on long-term debt	(32,175)	(157,141)
Bond proceeds received from trustee	13,827	62,203
Extinguishment of debt	(83,154)	-
Payments on line of credit	-	(14,086)
Proceeds from line of credit and other financing, net	48,016	1,198
Net cash used in financing activities	(53,486)	(107,826)
Net decrease in cash and cash equivalents	(25,071)	(206,171)
Cash and cash equivalents		
Beginning of year	301,708	507,879
End of year	$ 276,637	$ 301,708

The accompanying notes are an integral part of these combined financial statements

Novant Health, Inc. and Affiliates
Combined Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Supplemental disclosure of cash flow information		
Interest paid, net of amounts capitalized	$ 80,724	$ 76,960
Income taxes paid	3,956	824
Supplemental disclosure of noncash financing and investing activities		
Additions to property and equipment financed through current liabilities	19,880	3,062

The accompanying notes are an integral part of these combined financial statements

1. Reporting Entity

Novant Health, Inc ("Novant" or the "Company") is a nonprofit health care system with dual headquarters in Winston-Salem and Charlotte, North Carolina Novant consists of thirteen hospitals and a 1,123-physician medical group with over 350 clinic locations. Other facilities and programs of Novant include outpatient surgery and diagnostic centers, long-term care facilities, charitable foundations, a risk retention group, rehabilitation programs and community health outreach programs Hospitals include Presbyterian Hospital, Presbyterian Orthopaedic Hospital, Presbyterian Hospital Huntersville and Presbyterian Hospital Matthews of the Charlotte, North Carolina area, Forsyth Medical Center and Medical Park Hospital in Winston-Salem, North Carolina, Kernersville Medical Center in Kernersville, North Carolina, Thomasville Medical Center in Thomasville, North Carolina; Rowan Regional Medical Center ("Rowan") in Salisbury, North Carolina, Brunswick Novant Medical Center in Bolivia, North Carolina, Prince William Hospital ("PWHS") in Manassas, Virginia; Franklin Regional Medical Center in Louisburg, North Carolina, and Upstate Carolina Medical Center in Gaffney, South Carolina Novant and its affiliates serve their communities with programs including health education, home health care, prenatal clinics, community clinics and immunization services.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of all affiliates controlled by Novant All significant intercompany transactions and balances have been eliminated. Investments in affiliates in which the Company does not have control or has a 50% or less interest are accounted for by either the equity or cost method.

Use of Estimates

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

Significant estimates include, but are not limited to, accounts receivable allowances, third-party payor settlements, goodwill and intangible asset valuation and subsequent recoverability, useful lives of intangible assets and property and equipment, medical and professional liability and other self-insurance accruals, and pension related assumptions

Fair Values of Financial Instruments

The fair value of financial instruments approximates the carrying amount reported in the combined balance sheets for cash and cash equivalents, investments other than alternatives, assets limited as to use, patient accounts receivable, accounts payable and interest rate swaps More information can be found in Note 8, Fair Value Measurements.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding amounts limited as to use by board designation, donors or trustees

Accounts Receivable
Accounts receivable consist primarily of amounts owed by various governmental agencies, insurance companies and patients Novant manages these receivables by regularly reviewing the accounts and contracts and by providing appropriate allowances for uncollectible amounts. In evaluating the collectability of accounts receivable from third party payors, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for anticipated uncollectible deductibles and copayments on accounts for which the third party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). In evaluating the collectability of accounts receivable from patients (including both patients without insurance and patients with deductible and copayment balances due for which third party coverage exists), Novant considers several factors, including historical collection results, the age of the accounts, changes in collection patterns and general industry conditions Novant records a provision for bad debts in the period of service based on the analysis and consideration of these factors. Once collection efforts are complete, any difference between the amount charged and the amount collected is written off against the allowance for doubtful accounts.

Other Current Assets
Other current assets include inventories (which primarily consist of hospital and medical supplies and pharmaceuticals), prepaid expenses and other receivables Inventory costs are determined using the average cost method and are stated at the lower of cost or market value

Investments
Investments are classified as trading securities Accordingly, unrealized gains and losses on investments are included in excess of revenues over expenses, unless the income or loss is restricted by donor or law Long-term investments are classified as noncurrent assets as the Company does not expect to use these funds to meet its current liabilities

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying combined balance sheets. The Company also invests in alternative investments through limited partnerships and limited liability corporations ("LLCs"). These investments are recorded using the equity method of accounting (which approximates fair value) with the related earnings reported as investment income in the accompanying combined financial statements. The values provided by the respective partnership or LLC are based on market value or other estimates that require varying degrees of judgment. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such investments existed Such differences could be material. The Company believes the carrying amount of these investments is a reasonable estimate of fair value.

Investments are exposed to various risks, such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the investment balances included in the financial statements

Assets Limited as to Use
Assets limited as to use primarily include assets held by trustees under indenture agreements and assets designated for specific purposes by the Board of Trustees

Derivatives
The Company selectively enters into interest rate protection agreements to mitigate changes in interest rates on variable rate borrowings The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss None of these agreements are used for speculative or trading purposes.

Derivatives are recognized on the balance sheet at fair value The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. The Company formally documents the hedging relationships at inception of the contract for derivative transactions, including identifying the hedge instruments and hedged items, as well as the risk management objectives and strategies for entering into the hedge transaction. At inception and on a quarterly basis thereafter, the Company assesses the effectiveness of derivatives used to hedge transactions If a cash flow hedge is deemed effective, the change in fair value is recorded as an other change in unrestricted net assets. If after assessment it is determined that a portion of the derivative is ineffective, then that portion of the derivative's change in fair value will be immediately recognized in excess of revenues over expenses The change in fair value of all derivatives that do not qualify for hedge accounting is also recognized in excess of revenues over expenses.

Property and Equipment
Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets Leasehold improvements are amortized over the life of the lease or the useful life of the asset, whichever is shorter

Following is a summary of the estimated useful lives used in computing depreciation:

Buildings	30–40 years
Machinery and equipment	3–15 years
Software	3–10 years
Furniture and fixtures	7–14 years

Certain facilities and equipment held under capital leases are classified as property and equipment and amortized on the straight-line method over the period of the lease term or the estimated useful life of the asset, whichever is shorter The related obligations are recorded as liabilities Amortization of equipment under capital lease is included in depreciation expense

The Company also capitalizes the cost of software developed for internal use

Maintenance and repairs of property and equipment are expensed in the period incurred. Replacements or improvements that increase the estimated useful life of an asset are capitalized. Assets that are sold, retired or otherwise disposed of are removed from the respective asset cost and accumulated depreciation accounts and any gain or loss is included in the results of operations.

Operating leases are accounted for in accordance with generally accepted accounting principles ("GAAP"), which requires the recognition of fixed rental payments, including rent escalations, on a straight-line basis over the term of the lease

Under the terms of the 1984 deed in which the Forsyth County Board of County Commissioners conveyed the assets of Forsyth Memorial Hospital (the "Hospital") to Novant, Novant is required to operate the Hospital as a community general hospital open to the general public, and if Novant is dissolved, a successor nonprofit corporation approved by the Forsyth County Board of County Commissioners must carry out the terms and conditions of this conveyance If these terms are not met, all ownership rights to the Hospital shall revert to the County, including the buildings and land together with the personal property and equipment associated with the Hospital with a net book value of approximately $282,954 at December 31, 2012

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

Goodwill and Other Intangible Assets
Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. Intangible assets generally represent the acquisition date fair value of certain rights or relationships obtained in such business acquisitions.

The Company considers certificates of need, which are required by certain states prior to the acquisition of high cost capital items, to be indefinite lived intangible assets. The Company also has intangible assets with identifiable useful lives, related to business acquisitions These assets include business relationships and corporate trade names. In accordance with GAAP, the company amortizes the cost of these intangible assets with identifiable useful lives down to their estimated residual value.

Following is a summary of the estimated useful lives used in computing amortization:

Business relationships	26 years
Corporate trade name	29 years

On an annual basis, Novant tests goodwill and indefinite-lived assets for impairment Impairment tests are performed at the reporting unit level for units that have goodwill. In 2012, Novant elected to early adopt ASU 2012-2, *Testing Indefinite-Lived Intangible Assets for Impairment.* This guidance provides the option to perform a qualitative assessment of whether it is more likely than not that the indefinite-lived asset is impaired If it is more likely than not that the indefinite-lived asset is impaired, additional testing for impairment is required GAAP prescribes that impairment for indefinite-lived intangibles is evaluated by comparing the fair value of the asset with its carrying amount If the carrying amount exceeds the fair value, an impairment loss is recognized as the amount of that excess. In 2011, Novant elected to early adopt ASU 2011-8, *Testing Goodwill for Impairment* This guidance provides the option to perform a qualitative assessment of whether it is

more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit If it is more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit, additional impairment testing is not required. If it is more likely than not that the carrying value of the reporting unit exceeds the fair value of the reporting unit, additional testing for impairment is required GAAP prescribes a two-step process for testing for goodwill impairments after applying the qualitative assessment The first step is to determine if the carrying value of the reporting unit with goodwill is less than the related fair value of the reporting unit The fair value of the reporting unit is determined through use of discounted cash flow methods and/or market based multiples of earnings and sales methods. If the carrying value of the reporting unit is less than the fair value of the reporting unit, the goodwill is not considered impaired If the carrying value is greater than the fair value, the potential for impairment of goodwill exists. The goodwill impairment is determined by allocating the current fair value of the reporting unit among the assets and liabilities based on a purchase price allocation methodology as if the reporting unit was being acquired in a business combination. The fair value of the goodwill is implied from this allocation and compared to the carrying value with an impairment loss recognized if the carrying value is greater than the implied fair value

Investments in Affiliates
Investments in entities which Novant does not control, but in which it has a substantial ownership interest and can exercise significant influence, are accounted for using the equity method Investments in entities of 20% or less and where there are no qualitative indicators of significant influence are accounted for using the cost method. The most significant of these investments include a hospital partnership, a cancer center, and a home health, home infusion and durable medical equipment company

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained in perpetuity The earnings on permanently restricted net assets are available for use as specified by the donors The Company's temporarily restricted and permanently restricted net assets are predominantly held by related foundations for hospital service costs related to various centers at the acute care facilities

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

Statement of Operations
All activities of Novant deemed by management to be ongoing, major and central to the provision of healthcare services are reported as operating revenue and expenses Other activities are deemed to be nonoperating and include investment income (loss), change in fair value of nonhedged derivative financial instruments, income tax benefit (expense) and loss on extinguishment of bonds

Novant receives supplemental Medicaid payments from the state of North Carolina through a federally approved disproportionate share program ("Medicaid DSH") During 2012, the federal government approved an amendment to the Medicaid DSH plan This amendment, referred to as the Medicaid Gap Assessment Program ("GAP"), provides a new funding model whereby hospitals are assessed an amount based on a percentage of their costs and are then paid supplemental amounts in an effort to reduce Medicaid losses The amendment was retroactive to January 1, 2011. Novant records GAP payments received as net patient service revenue and GAP assessments paid as other operating expense on the combined statements of operations These supplemental payments are recognized in income when earned, if reasonably estimable and deemed collectible There can be no assurance that this program will not be discontinued or materially modified During 2012, Novant received and paid the following amounts for the GAP program, all of which were recognized as either reductions in contractual expense or increases in other operating expenses in 2012:

	Received (Paid) in 2012		
	Related to 2012	Related to 2011	Total
Payments received	$ 83,236	$ 94,181	$ 177,417
Assessments paid	(36,366)	(44,140)	(80,506)
Net amounts received	$ 46,870	$ 50,041	$ 96,911

The statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses include changes in pension liabilities, unrealized gains and losses on derivative financial instruments and the effects of discontinued operations.

Income Taxes
Novant is classified as a nonprofit organization pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on revenue earned from its tax-exempt purposes Novant also operates various for-profit subsidiaries which operate in service lines that are complimentary to Novant's tax-exempt purpose. Income from activities that are determined by IRS regulations to be unrelated to the tax-exempt purposes as well as income from activities of for-profit subsidiaries of the Company are subject to federal and state taxation.

The Company provides for income taxes using the asset and liability method This approach recognizes the amount of federal, state and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the consolidated financial statements and income tax returns Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates

A valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized Realization is dependent on generating sufficient future taxable income

Other Assets
Other assets consist of notes and pledges receivable, deferred financing costs, insurance receivables and the cash surrender value of insurance policies. Deferred financing costs are amortized using the effective interest method over the life of the related debt agreements and instruments.

Compensated Absences
The Company's employees earn vacation days at varying rates depending on years of service Vacation time accumulates up to certain limits, at which time no additional vacation hours can be earned Provided this hourly limit is not met, employees can continue to accumulate vacation hours and time can be carried over to future years Accrued vacation time is included in accrued liabilities on the Company's combined balance sheets

Self-Insurance Reserves
The Company is self-insured for certain employee health benefit options, workers' compensation and malpractice. These costs are accounted for on an accrual basis to include estimates of future payments for claims incurred

Reclassifications
Certain balances in prior fiscal years have been reclassified to conform to the presentation adopted in the current fiscal year.

3. Organizational Changes

Discontinued Operations
During 2010, the Company made the decision to close or sell certain of its MedQuest outpatient imaging locations to unrelated third parties This decision was the result of management's efforts to more closely align the geographic locations of MedQuest facilities with the Company's long-term business plans During 2012 and 2011, four and seven MedQuest locations, respectively, were divested In addition to these divestitures, the Company sold the operations of one of its long-term care facilities in 2011 and sold an additional long-term care location in 2012 At December 31, 2012, there are no locations remaining in discontinued operations. In accordance with GAAP, the operating results related to these locations have been reported as discontinued operations in the combined statements of operations and changes in net assets The amounts of revenue and operating income that have been reported in discontinued operations are as follows

	2012	2011
Net operating revenue	$ 10,456	$ 29,680
Operating income (loss)	(1,119)	10,502

The accompanying combined balance sheets include assets held for sale related to the above transactions At December 31, 2011, assets held for sale consisted primarily of property and equipment and intangible assets

4. Net Patient Service Revenue

Net patient service revenue is presented net of provisions for contractual adjustments and other allowances. Novant has agreements with third-party payors that provide for payments at amounts different from its established rates. Retroactive adjustments are accrued on an estimated basis in the period the related service is rendered and adjusted in future periods as final settlements are determined. For uninsured patients that do not qualify for charity care, Novant recognizes revenue on the basis of its standard rates for services provided, less discounts for uninsured patients as provided by Novant's financial assistance policies Based on historical experience, many of Novant's uninsured patients will be unable or unwilling to pay for the services provided As a result, Novant records a significant provision for bad debts related to uninsured patients in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	Third-Party Payors	Self Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	$ 3,520,600	$ 56,379	$ 3,576,979

A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid
Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per diagnosis These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to beneficiaries are paid based on a cost reimbursement methodology Outpatient services are paid at a prospectively determined rate Novant is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Novant and audits thereof by the fiscal intermediary Novant's cost reports have been audited and settled by the Medicare intermediary through 2007 for Prince William Hospital, and through 2006 for all other facilities Medicare cost reports for 2007-2009 have been audited but not finalized Medicaid cost reports are finalized through 2009.

Revenue from the Medicare and Medicaid programs accounted for approximately 33.2% and 7.1%, respectively, of Novant's net patient service revenue for the year ended 2012, and 32 4% and 7 1%, respectively for the year ended 2011. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term

In July 2010, the Department of Health and Human Services published final regulations implementing the health information technology provisions of the American Recovery and Reinvestment Act The regulation defines the "meaningful use" of Electronic Health Records ("EHR") and established the requirements for the Medicare and Medicaid EHR payment incentive programs These programs allow Medicare and Medicaid incentive payments to be paid to eligible hospitals, physicians, and certain other health professionals that implement and achieve

meaningful use of certified EHR technology. The implementation period for these new Medicare and Medicaid incentive payments started in federal fiscal year 2011 and can end as late as 2016 for Medicare and 2021 for the state Medicaid programs. Novant recognizes income related to Medicare and Medicaid incentive payments using a gain contingency model that is based upon when our eligible providers and hospitals have demonstrated meaningful use of certified EHR technology for the applicable period, and, if applicable, the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available During 2012, Novant recognized $7,123 of revenue related to EHR funds These amounts are included in other revenue in the accompanying combined statements of operations. This amount represents amounts that were received and/or amounts for which Novant has successfully met meaningful use criteria. Included in the Company's combined balance sheets at December 31, 2012 are receivables related to EHR funds of $5,500 No amounts were recorded by the Company in 2011, as meaningful use criteria had not yet been successfully met

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

Payments for services covered by these programs and certain other third-party payor contracts are generally less than billed charges Provisions for contractual adjustments including Medicare, Medicaid, and managed care total approximately $4,369,454 (or 53%) and $4,322,535 (or 54%) of 2012 and 2011 gross patient service revenue, respectively.

The allowance for doubtful accounts is determined based on management's assessment of historical and expected net collections, business and economic conditions, the age of the accounts, trends in federal and state governmental health care coverage and other collection indicators. Novant's self pay write-offs were $548,934 in 2012 compared to $538,867 in 2011 The increase is the result of increases in self pay revenue as well as negative trends experienced in the collection of amounts from self pay patients during 2012 Novant has not changed its charity care or uninsured discount policies during 2011 or 2012. Novant does not maintain a material allowance for doubtful accounts from third party payors, nor did it have significant write-offs from third party payors.

5. Charity Care and Community Benefit

In accordance with Novant's mission to improve the health of its communities one person at a time, Novant facilities accept patients regardless of their ability to pay. At acute facilities, uninsured patients qualify for a full write-off of their bills if their household income is at or below 300% of the federal poverty level. Novant also offers a catastrophic discount for patients with an account balance greater than $5, flexible payment plans, and discounts for uninsured patients who do not qualify for the charity care program In addition to these programs for hospitals, Novant physician groups and outpatient centers also have charity care programs to assist patients in need The Company's cost of providing care to indigent patients was $123,475 and $124,117 for the years ended December 31, 2012 and 2011, respectively. Novant estimates the costs of providing traditional charity care using each facility's estimated ratio of costs to charges Funds received from gifts or grants to subsidize charity services provided were $700 and $1,250 for the years ended December 31, 2012 and 2011, respectively.

In addition to providing charity care to uninsured patients, Novant also provides services to beneficiaries of public programs and various other community health services intended to improve the health of the communities in which the Company operates Novant uses the following four categories to identify the resources utilized for the care of persons who are underserved and for providing community benefit programs to the needy and our neighborhoods

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and who are uninsured

- Unpaid cost of Medicare represents the unpaid cost of services provided to persons through the government program for individuals age 65 and older as well as those that qualify for federal disability benefits

- Unpaid cost of Medicaid represents the unpaid cost of services provided to persons covered by the government program for medically indigent patients.

- Community benefit programs consists of the unreimbursed costs of certain programs and services for the general community, mainly for indigent patients but also for people with chronic health risks. Examples of these programs include health promotion and education, free clinics and screenings, and other community services Community benefit programs also include the cost of medical education and research.

The amount of unpaid cost of Medicare, Medicaid, and other community benefit programs is reported on page 46 in the accompanying other financial information

6. Other Current Assets

Other current assets consist of the following at December 31

	2012	2011
Inventory	57,763	52,822
Prepaids	31,812	30,269
Other receivables	51,952	33,490
	$ 141,527	$ 116,581

7. Assets Limited as to Use and Investments

Short-Term Investments

Novant holds certain investments that are short-term in nature and have maturity dates ranging from three to twelve months Short-term investments consist of the following at December 31

	2012	2011
Certificates of deposit	$ 2,200	$ 9,095
Fixed income securities	306,496	176,355
	$ 308,696	$ 185,450

Assets Limited as to Use

The designation of assets limited as to use is as follows:

	2012		2011	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
Under indenture agreement held by trustee	$ 9,397	$ 7,275	$ 24,081	$ 32,855
Under general and professional liability funding arrangement held by trustee	7,631	46,193	7,495	45,508
Designated by board to service benefit plans	6,823	17,277	2,764	28,069
Restricted by bank agreements	-	10,649	-	11,797
	$ 23,851	$ 81,394	$ 34,340	$ 118,229

Assets limited as to use investments are invested primarily in cash and cash equivalents and corporate, U S. government and U S. agency debt obligations

Long-Term Investments

Investments are reported at either fair value or on the equity or cost methods of accounting The composition of long-term investments is as follows:

	December 31, 2012			
	At Fair Value	On Equity Method	On Cost Method	Total
Cash and cash equivalents	$ 24,262	$ -	$ -	$ 24,262
U.S equities	291,824	12,677	-	304,501
International equities	176,836	35,679	-	212,515
Fixed income securities	110,470	24,049	-	134,519
Hedge funds	-	375,716	-	375,716
Emerging markets	90,156	10,000	-	100,156
Real estate and other	-	40,513	106	40,619
	$ 693,548	$ 498,634	$ 106	$ 1,192,288

	December 31, 2011			
	At Fair Value	On Equity Method	On Cost Method	Total
Cash and cash equivalents	$ 81,169	$ -	$ -	$ 81,169
U S equities	273,182	11,976	-	285,158
International equities	124,305	27,884	-	152,189
Fixed income securities	121,272	-	-	121,272
Hedge funds	-	356,317	-	356,317
Emerging markets	65,727	-	-	65,727
Real estate and other	-	19,786	344	20,130
	$ 665,655	$ 415,963	$ 344	$ 1,081,962

The Company's investments in hedge funds include limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments of the limited partnerships and limited liability corporations include, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments These financial instruments may result in loss due to changes in the market (market risk) Alternative investments are less liquid than the Company's other investments.

Novant's investments in hedge funds represent 31.5% of total long-term investments held at December 31, 2012. These instruments may contain elements of both credit and market risk Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Novant is obligated under certain investment agreements to periodically advance additional funding up to specified levels. As of December 31, 2012 and 2011, Novant had future commitments of $56,422 and $59,825, respectively, for which capital calls had not been exercised.

Investment income (loss) for assets limited as to use and investments is comprised of the following for the years ended December 31

	2012	2011
Income (loss)		
Interest and dividend income	$ 27,651	$ 17,661
Net realized gains (losses)	6,235	(13,674)
Net gains (losses)	74,952	(23,804)
	$ 108,838	$ (19,817)

8. Fair Value Measurements

Novant categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. Novant's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

Novant follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date Investments classified in this level generally include exchange traded equity securities, futures, pooled short-term investment funds, options and exchange traded mutual funds

Level 2 Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations, asset-backed securities, certificates of deposit; derivatives, as well as certain U S and international equities which are not traded on an active exchange

Level 3· Inputs that are unobservable for the asset or liability. Investments classified in this level include an investment in a preferred stock fund

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. Novant uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted)

As of December 31, 2012 and 2011, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs.

Certificates of deposit
The fair value of certificates of deposit is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates

Fixed income and debt securities
The fair value of investments in fixed income and debt securities is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options

U.S. equity securities
The fair value of investments in U.S equity securities is primarily determined using the calculated net asset value The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals

Derivatives
The fair value of derivative contracts is primarily determined using techniques consistent with the market approach Significant observable inputs to valuation models include interest rates, credit spreads, volatilities and maturity

The following table summarizes fair value measurements, by level, at December 31, 2012 for all financial assets and liabilities measured at fair value on a recurring basis in the financial statements:

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Short-term investments:				
Certificates of deposit	$ -	$ 2,200	$ -	$ 2,200
Fixed income securities	-	306,496	-	306,496
Total short-term investments	-	308,696	-	308,696
Assets limited as to use				
Cash and cash equivalents	16,056	-	-	16,056
US equities	21,097	-	-	21,097
Fixed income securities	-	68,092	-	68,092
Total assets limited as to use	37,153	68,092	-	105,245
Long-term investments:				
Cash and cash equivalents	24,262	-	-	24,262
US equities	254,630	33,194	4,000	291,824
International equities	176,836	-	-	176,836
Fixed income securities	8,542	101,928	-	110,470
Emerging markets	90,156	-	-	90,156
Total long-term investments	554,426	135,122	4,000	693,548
Total assets at fair value	$ 591,579	$ 511,910	$ 4,000	$ 1,107,489
Liabilities				
Derivative financial instruments	-	71,778	-	71,778
Employee benefits liabilities	5,471	-	-	5,471
Total liabilities at fair value	$ 5,471	$ 71,778	$ -	$ 77,249

The following table summarizes fair value measurements, by level, at December 31, 2011 for all financial assets and liabilities measured at fair value on a recurring basis in the financial statements

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Short-term investments				
Certificates of deposit	$ -	$ 9,095	$ -	$ 9,095
Fixed income securities	-	176,355	-	176,355
Total short-term investments	-	185,450	-	185,450
Assets limited as to use				
Cash and cash equivalents	61,759	-	-	61,759
US equities	24,270	-	-	24,270
Fixed income securities	-	66,540	-	66,540
Total assets limited as to use	86,029	66,540	-	152,569
Long-term investments				
Cash and cash equivalents	81,169	-	-	81,169
US equities	225,980	37,202	10,000	273,182
International equities	124,305	-	-	124,305
Fixed income securities	8,742	112,530	-	121,272
Emerging markets	65,727	-	-	65,727
Total long-term investments	505,923	149,732	10,000	665,655
Total assets at fair value	$ 591,952	$ 401,722	$ 10,000	$ 1,003,674
Liabilities				
Derivative financial instruments	-	71,810	-	71,810
Employee benefits liabilities	14,085	-	-	14,085
Total liabilities at fair value	$ 14,085	$ 71,810	$ -	$ 85,895

For the years ended December 31, 2012 and 2011, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	U.S. Equities
Balance at December 31, 2010	$ 6,000
Actual return on assets	-
Purchase and sales of assets, net	4,000
Transfers in/(out) of Level 3	-
Balance at December 31, 2011	10,000
Actual return on assets	-
Purchase and sales of assets, net	(6,000)
Transfers in/(out) of Level 3	-
Balance at December 31, 2012	$ 4,000

As a result of its annual impairment testing for 2012, Novant recorded impairment charges of $18,388 to reduce the carrying value of certificates of need from their original carrying value of $59,048 to their implied and estimated fair value of $40,660. As a result of its annual impairment testing for 2011, Novant determined that goodwill with a carrying value of $44,118 was fully impaired. These impairment charges are included in the combined statements of operations. The fair value measurements used in determining the fair value of the Company's certificates of need and goodwill were all deemed to be Level 3

9. Property and Equipment

Property and equipment consists of the following at December 31:

	2012	2011
Land and land improvements	$ 236,167	$ 234,239
Leasehold improvements	141,001	130,714
Buildings and building improvements	1,561,591	1,511,115
Buildings under capital lease obligations	27,220	25,773
Equipment	1,512,481	1,453,760
Equipment under capital lease obligations	7,599	8,897
Software	223,163	189,551
Construction in progress	137,984	93,289
	3,847,206	3,647,338
Less Accumulated depreciation	(2,190,238)	(2,039,602)
	$ 1,656,968	$ 1,607,736

At December 31, 2012 and 2011, land and buildings with a net book value of $21,716 and $16,058 respectively, were leased to various unrelated health care organizations, with terms ranging from

six months to five years. Depreciation expense and capital lease related amortization expense for the years ended December 31, 2012 and 2011 amounted to $181,870 and $184,246, respectively. Accumulated amortization for buildings and equipment under capital lease obligations was $18,952 and $18,597 at December 31, 2012 and 2011, respectively Construction contracts of approximately $376,060 exist for the construction of new hospitals, expansion of existing hospitals and facility renovations At December 31, 2012, the remaining commitment on these contracts was $188,363

On June 27, 2009, Novant sold a portfolio of 22 medical office buildings to a third party real estate investor. The combined selling price of the buildings was $122,280. Novant is leasing space in each of the buildings from the buyer The transaction was recorded as a sale-leaseback and resulted in a total gain of $59,889. Novant recognized a gain from this transaction of $4,002 in 2012 and 2011 The remaining deferred gain of $45,882 will be recognized over the average life of Novant's lease agreements with the buyer.

10. Intangible Assets and Goodwill

Intangible assets consist of the following at December 31

	Gross Intangible	Accumulated Amortization	Net Intangible
Balance at December 31, 2011			
Unamortized intangible assets			
Certificates of need	$ 87,831	$ -	$ 87,831
Total unamortized intangible assets	87,831	-	87,831
Amortized intangible assets			
Business relationships	90,420	(14,479)	75,941
Corporate trade name and other intangibles	39,415	(7,048)	32,367
Total amortized intangible assets	129,835	(21,527)	108,308
Total intangible assets	$ 217,666	$ (21,527)	$ 196,139
Balance at December 31, 2012			
Unamortized intangible assets			
Certificates of need	$ 69,781	$ -	$ 69,781
Total unamortized intangible assets	69,781	-	69,781
Amortized intangible assets			
Business relationships	90,930	(18,404)	72,526
Corporate trade name and other intangibles	39,500	(8,356)	31,144
Total amortized intangible assets	130,430	(26,760)	103,670
Total intangible assets	$ 200,211	$ (26,760)	$ 173,451

Amortization expense related to intangible assets was $5,456 and $5,689 for the years ended December 31, 2012 and 2011, respectively Estimated annual amortization expense for intangible assets for the years 2013 through 2017 is approximately $5,458, $5,458, $5,450, $5,438 and $5,428, respectively

The following table summarizes the changes in the carrying amount of goodwill for the years ended December 31:

	2012	2011
As of January 1		
Goodwill, net of accumulated amortization	$ 305,742	$ 303,651
Accumulated impairment losses	(89,221)	(45,103)
	216,521	258,548
Goodwill acquired, net of purchase price adjustments and other	(190)	2,091
Impairment	-	(44,118)
	216,331	216,521
As of the end of the period		
Goodwill, net of accumulated amortization	305,552	305,742
Accumulated impairment losses	(89,221)	(89,221)
	$ 216,331	$ 216,521

As a result of its annual impairment testing for 2012, Novant recorded impairment charges of $18,388 to reduce the carrying value of certificates of need to their implied and estimated fair values This impairment charge was a partial write off of the certificate of need As a result of its annual impairment testing for 2011, Novant recorded impairment charges of $44,118 to reduce the carrying value of goodwill and other intangibles to their implied and estimated fair values for certain reporting units. This impairment charge represents a full write off of the remaining goodwill for these reporting units. These impairment charges were a result of lower than expected operating results at certain Novant reporting units Our impairment tests presume stable or improving results in our facilities, which are based on the implementation of programs and initiatives that are designed to achieve projected results. If these projections are not met, or in the future negative trends occur which would impact our future outlook, further impairments of goodwill and other intangible assets may occur. Future restructuring of our markets that could potentially change our reporting units could also result in future impairments of goodwill.

11. Investments in Affiliates

Novant has noncontrolling interests in twelve healthcare related entities. The Company's ownership interests in the entities range from 5% to 51%. These investments are accounted for using either the cost or equity method.

A summary of investments, ownership percentages, investment amounts and the Company's share of earnings for the years ended December 31 is as follows:

	% Ownership		Investment Balance at December 31,		Share of Earnings of Investee	
Investee	2012	2011	2012	2011	2012	2011
Hospital Partnership	30%	30%	$ 128,104	$ 129,126	$ 8,928	$ 7,257
Advanced Services	25%	25%	17,313	17,247	2,936	1,328
Laboratory Group Holdings LLC	5%	5%	-	11,167	-	-
Providence Plaza LLC	30%	30%	4,945	4,896	135	108
Rowan Hospice & Palliative Care LLC	50%	50%	2,781	2,551	229	72
Cancer Center	50%	50%	1,931	1,465	1,966	1,595
Other	Various	Various	7,071	6,737	152	899
			$ 162,145	$ 173,189	$ 14,346	$ 11,259

On December 29, 2012, Novant exercised its option to put its investment in Laboratory Group Holdings LLC in exchange for notes receivable of $8,000 The loss on the sale of this investment was recorded as other non-operating expense in the combined statement of operations.

The following table presents summarized financial information related to investments in the above noncontrolled entities as of December 31

	2012	2011
Assets	$ 226,813	$ 216,650
Liabilities	57,079	58,590
Equity	169,734	158,060
Total revenue	330,563	301,934
Total expenses	284,174	267,972
Net income	46,389	33,962
Novant's share of net income	14,346	11,259

12. Other Assets

Other assets consist of the following at December 31.

	2012	2011
Notes receivable and other	$ 19,462	$ 9,669
Deferred financing costs, net of amortization	9,311	12,700
Cash surrender value of insurance policies	13,351	11,598
Reinsurance receivables	7,631	7,495
Pledges receivable	1,359	1,525
	$ 51,114	$ 42,987

Deferred financing costs are amortized using the effective interest method over the life of the related debt agreements and instruments

13. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2012	2011
Accrued compensation	$ 166,700	$ 150,280
Pension liability	19,009	15,271
Postretirement benefit liability	1,079	1,059
Payroll taxes and withholdings	17,549	15,398
Interest	9,972	11,574
Other accrued liabilities	82,229	78,722
Self-insurance		
Employee medical claims liability	18,688	19,878
Malpractice and workers' compensation liability	18,079	18,370
	$ 333,305	$ 310,552

14. Long-Term Debt

Following is a summary of long-term debt at December 31

	2012	2011
Tax-exempt revenue bonds	$ 903,305	$ 951,972
Mortgage revenue bonds	-	77,635
Hospital revenue bonds	73,260	75,175
Taxable revenue bonds	450,000	450,000
Taxable variable rate demand bonds	69,800	73,800
Total bonds	1,496,365	1,628,582
Capital lease obligations and other notes payable	48,978	64,594
	1,545,343	1,693,176
Unamortized premium or discount, net	6,073	6,423
	1,551,416	1,699,599
Less Current maturities	(78,423)	(167,623)
	$ 1,472,993	$ 1,531,976

Tax-Exempt Revenue Bonds

Novant has tax-exempt financing agreements through the North Carolina Medical Care Commission (the "Commission"), under which the Commission issued the tax-exempt revenue bonds These bonds are comprised of the following at December 31:

	2012	2011
Series 2010 A Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 4.0% to 5.0% payable semi-annually and maturing through 2043, principal payments begin in 2023	$ 264,165	$ 264,165
Series 2008 A, B and C Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2028; principal payments began in 2009	165,175	174,450
Series 2006 Current Interest Term Bonds, bearing interest at rates ranging from 4.5% to 5.0% payable semi-annually and maturing through 2039; principal payments begin in 2023	250,000	250,000
Series 2004 A and B Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2034, principal payments begin in 2025	135,000	135,000
Series 2003 A Current Interest Serial Bonds, bearing interest at rates ranging from 2.0% to 5.0% payable semi-annually and maturing through 2020	88,965	98,720
Series 1996 Current Interest Term Bonds, bearing interest at 5.0% to 5 5% payable semi-annually and maturing through 2026	-	26,155
Series 1996 Capital Appreciation Serial Bonds, bearing interest at 5.7% to 6.0% payable at maturity through 2014	-	3,482
	$ 903,305	$ 951,972

In conjunction with the issuance of the 2003 bonds, Novant entered into a new Master Trust Indenture (the "Agreement") The Agreement authorizes the creation of a Combined Group, which consists of the members of the Obligated Group and the Restricted Affiliates. Novant and two of its affiliates that operate tertiary care hospitals, Forsyth Memorial Hospital, Inc (d/b/a Forsyth Medical Center) and The Presbyterian Hospital, are the members of the Obligated Group. The members of the Obligated Group are jointly and severally liable for the payment of all obligations under the Agreement Novant's Restricted Affiliates, which include certain other subsidiaries of the Company, are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement All bonds issued by Novant subsequent to the issuance of the 2003 bonds are also collateralized by Novant's Obligated Group

The bond agreements provide for early redemption periods of the bonds prior to mandatory redemption, subject to a premium, generally ranging from 0 0% to 2 0%, as defined in the agreements In accordance with the bond indenture agreements, the bonds are general, unsecured obligations of Novant The bond indentures require Novant to cause the Restricted Affiliates to comply with certain covenants, including the maintenance of a minimum debt service coverage ratio and a minimum number of days cash on hand. As of December 31, 2012, Novant is in compliance with these bond covenants

The Series 2004 A and B Variance Rate Demand Bonds are collateralized by a standby purchase agreement ("SBPA") issued by JP Morgan Chase Bank National Association At December 31, 2011, the SBPA was due to expire on December 8, 2012 Because the agreement expired less than a year from the date of the balance sheet, the 2004 bonds were classified as current in the December 31, 2011 balance sheet The SBPA was extended in November 2012 to expire January 31, 2016 If the SBPA should be used to fund tenders due to a failed remarketing, repayments in quarterly installments over three years are required As a result, the Company has classified $33,750 of the 2004 bonds as current at December 31, 2012

In March 2011, the documents related to the Series 2008 A, B and C Variable Rate Demand Bonds were amended to allow the conversion of the bonds to bank direct purchase index floating rate bonds The term of the direct purchase agreement is five years and it will expire in March 2016.

In December 2012, the Series 1996 Current Interest Term Bonds and the Series 1996 Capital Appreciation Serial Bonds were redeemed with proceeds from the Senior Revolving Credit Facility

Mortgage Revenue Bonds
On August 18, 2004, Rowan issued $87,125 of fixed rate Federal Housing Administration insured mortgage revenue bonds, bearing interest at rates ranging from 3 00% to 5 25%. On July 18, 2012, Rowan defeased these bonds using cash flow from operations and cancelled the mortgage insurance. At December 31, 2012, the defeased bonds had an outstanding balance of $75,495

Hospital Revenue Bonds
PWHS has promissory notes to the Industrial Development Authority of the City of Manassas, Virginia and the Industrial Development Authority of the County of Prince William, Virginia, under which hospital revenue bonds were issued. These bonds are comprised of the following at December 31.

	2012	2011
Series 2002 Hospital Revenue Bonds, term bonds which are due in 2023 and 2033, bearing interest at rates of 5.1% and 5.3%.	$ 65,655	$ 66,695
Series 1993 Hospital Revenue Refunding Bonds, due in 2019, bearing interest at 5.3%.	7,605	8,480
	$ 73,260	$ 75,175

These bonds are secured by the revenue of PWHS, as defined in the related master trust indenture Under the terms of the bond indentures, PWHS is required to maintain certain deposits with a trustee Such deposits are included in assets limited as to use in the accompanying

combined balance sheets The indenture agreement contains restrictive covenants, the more significant of which places limits on the incurrence of additional borrowings and requires PWHS to satisfy certain measures of financial performance as long as the bonds are outstanding, including the maintenance of a minimum debt service coverage ratio PWHS was in compliance with all bond covenants as of December 31, 2012.

Taxable Revenue Bonds
On September 23, 2009, Novant issued $350,000 of taxable fixed rate bonds (the "2009A Bonds") $250,000 of these bonds bear interest at a rate of 5.85% and mature in 2019 The remaining $100,000 of these bonds bear interest at a rate of 4.65% and mature in 2014. Proceeds of the 2009A Bonds were used to refinance a portion of Novant's revolving credit facility in January 2010

On November 12, 2009, Novant issued $100,000 of taxable fixed rate bonds (the "2009B Bonds") The 2009B Bonds bear interest at a rate of 5.35% and mature in 2016 Proceeds of the 2009B Bonds were used to refinance the remaining portion of Novant's revolving credit facility in January 2010

The taxable revenue bonds are subject to the same covenant requirements that are included in the bond agreements for the tax-exempt revenue bonds.

Taxable Variable Rate Demand Bonds
In 1997, Novant issued Taxable Variable Rate Demand Bonds, totaling $87,800, collateralized by an irrevocable letter of credit issued by Wachovia Bank of North Carolina, N A The irrevocable letter of credit is collateralized by the bonds, all income, earnings, profits, interest, premium or other payments on the bonds, and all proceeds arising from the sale, exchange or collection of the bonds. Interest on the bonds is payable on a quarterly basis. Mandatory sinking fund requirements began in 2001 and will continue until their final maturity of June 1, 2022. At December 31, 2012 and December 31, 2011, the rate of interest on the variable bonds was 0 21% and 0.22%, respectively. The irrevocable letter of credit is currently available through March 1, 2014

Other Long-Term Debt
Other long-term debt consists of various loans and notes on buildings and capital leases, bearing interest at rates ranging from 1 21% to 12 15%

Scheduled maturities of all long-term debt are as follows

Years Ending December 31	
2013	$ 44,673
2014	129,901
2015	38,643
2016	128,341
2017	34,545
Thereafter	1,175,313
	$ 1,551,416

Novant capitalized $1,237 and $3,691 of interest in 2012 and 2011, respectively

The fair values of Novant's bonds are based on a pricing model. At December 31, 2012 and 2011, Novant's bonds had an approximate fair value of $1,588,218 and $1,680,218, respectively.

Short-Term Borrowings
On June 18, 2010, Novant entered into a $150,000 Senior Revolving Credit Facility The line of credit bears interest at variable rates and has a three year term In December 2012, proceeds from the Senior Revolving Credit Facility were used to redeem the Series 1996 Current Interest Term Bonds and the Series 1996 Capital Appreciation Serial Bonds The amount outstanding under the Senior Revolving Credit Facility was $34,246, bearing interest at 1 36%. As of December 31, 2011, there was no outstanding balance on the Senior Revolving Credit Facility

The Company entered into reverse repurchase agreements in February 2009. The reverse repurchase agreements involve the short term sale of U S Treasury and Agency securities to brokers with the commitment to repurchase those securities within a stated term, generally between one and four weeks The amount outstanding under the reverse repurchase agreements was $89,825 and $80,876 as of December 31, 2012 and December 31, 2011, respectively.

Interest Rate Swaps
As of August 18, 2008, concurrent with the 2008 bond issuance, Novant entered into two interest rate swap agreements to hedge the variable interest rates of the 2008 bonds. The swaps have been designated as cash flow hedges and are carried on the balance sheet at fair value The swaps are based on an aggregate notional amount of $165,175 Novant receives a variable rate which is tied to 68% of LIBOR, and pays a fixed rate of 3 679% and 3 621% for the $122,500 and $42,675 notional amounts, respectively. Both swaps are assessed for effectiveness on an ongoing basis at each quarter end using the hypothetical derivative method.

In July 2006, Novant entered into a floating-to-fixed swap agreement with a notional amount of $135,000 and a term of 28 years to hedge the floating rate 2004 bonds Under this agreement, the Company receives a variable rate which is tied to 64.8% of LIBOR plus 12 basis points and pays a fixed interest rate of 3 8% The interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value This swap qualifies for hedge accounting and was assessed for effectiveness at the time the contract was entered into and is assessed for effectiveness on an ongoing basis at each quarter end using the hypothetical derivative method Unrealized gains and losses related to the effective portion of the swap are recognized as a change in unrestricted net assets and gains or losses related to ineffective portions are recognized in excess of revenues over expenses

In August 2005, PWHS entered into an interest rate swap agreement in order to hedge its exposure to changes in interest rates The interest rate swap matures on September 1, 2015, and has a notional amount of $7,442 The exchanges of cash flows with the counter party (a commercial bank) began on September 8, 2005. Pursuant to the swap agreement, PWHS pays the counter party a fixed interest rate of approximately 5 6% and receives interest at a variable rate equal to LIBOR plus one percent, calculated on the notional amount. The interest rate swap does not qualify for hedge accounting and therefore changes in the fair value of the interest rate swap are recorded in excess of revenues over expenses.

The following table summarizes the fair value as presented in the combined balance sheets as derivative financial instruments for the Company's interest rate swaps as of December 31, 2012 and 2011

	2012	2011
Interest rate swaps designated as hedging instruments	$ 70,966	$ 70,790
Interest rate swaps not designated as hedging instruments	812	1,020
Total derivative financial liabilities	$ 71,778	$ 71,810

The following table summarizes the effect of the interest rate swaps on the combined statements of operations and changes in net assets for the years ended December 31, 2012 and 2011

	Amount of Gain (Loss) Recognized in Change in Unrestricted Net Assets		Amount of Gain (Loss) Recognized in Excess of Revenues Over Expenses	
Statement of Operations Location	**2012**	**2011**	**2012**	**2011**
Derivatives desginated as hedging instruments				
Change in fair value of hedging interest rate swaps	$ (2,078)	$ (32,363)	$ -	$ -
Hedge ineffectiveness	-	-	(2,253)	1,373
Derivatives not designated as hedging instruments				
Change in fair value of nonhedging interest rate swaps	-	-	207	(68)
	$ (2,078)	$ (32,363)	$ (2,046)	$ 1,305

15. Employee Benefits and Other Liabilities

Employee benefits and other liabilities consist of the following at December 31:

	2012	2011
Pension liability, net of current portion	$ 115,036	$ 133,101
Postretirement benefit liability, net of current portion	23,039	21,857
Self-insurance malpractice and workers compensation, net of current portion	49,993	49,544
Employee benefits and other	12,352	16,398
Deferred gains	89,125	93,050
	$ 289,545	$ 313,950

16. Income Taxes

The provision for federal and state income taxes is as follows

	2012	2011
Current tax expense (benefit)		
Federal	$ 4,695	$ 39
State	(35)	616
	4,660	655
Deferred tax expense (benefit)		
Federal	4,128	(1,723)
State	179	185
	4,307	(1,538)
	$ 8,967	$ (883)

The components of deferred taxes are as follows

	2012	2011
Deferred tax assets		
Loss carryforwards	$ 55,474	$ 53,439
Deferred charge for intercompany transfer	15,974	17,279
Accounts receivable	2,511	3,941
Other long-term liabilities	510	890
Other	1,272	1,775
Total deferred tax assets	75,741	77,324
Deferred tax liabilities		
Property and equipment	(2,176)	(3,165)
Intangible assets	(22,938)	(22,751)
Other assets	(18)	(18)
Total deferred tax liabilities	(25,132)	(25,934)
Valuation allowance	(43,936)	(40,410)
Net deferred tax asset	$ 6,673	$ 10,980

GAAP requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. In making this determination, management considers all available positive and negative evidence affecting specific deferred tax assets, including the Company's past and anticipated future performance, reversal of deferred tax

liabilities, length of carryback and carryforward periods and implementation of tax planning strategies.

Objective positive evidence is necessary to support a conclusion that a valuation allowance is not needed for all or a portion of deferred tax assets when significant negative evidence exists

Cumulative losses in recent years are the most compelling form of negative evidence considered by management in this determination For the year ended December 31, 2012, management has determined that based on all available evidence, a valuation allowance of $43,936 is appropriate.

As of December 31, 2012, the Company had approximately $131,417 of federal and $94,344 of state loss carryforwards available to reduce taxable income The loss carryforwards expire through 2032

The tax benefit differs from the amount that would be calculated by applying the federal statutory rate

	2012	2011
Federal statutory rate	$ 8,823	$ (1,684)
State income taxes	144	801
Income tax expense (benefit)	$ 8,967	$ (883)

The Company is required to evaluate uncertain tax positions. This evaluation includes a quantification of tax risk in areas such as unrelated business taxable income and the taxation of our for-profit subsidiaries. This evaluation did not have a material effect on the Company's statement of operations for the years ended December 31, 2012 and 2011.

17. Employee Benefit Plans and Other Postretirement Benefit Plans

Certain Novant affiliates participate in the Pension Restoration Plan of Novant Health, Inc (the "Novant Plan"), a noncontributory defined benefit pension plan covering substantially all the affiliates' employees of record as of December 1998. Participation is limited to vested employees as of December 31, 1998 Effective January 1, 2008, and July 1, 2009, the Company assumed two noncontributory defined benefit plans, the Pension Plan for the Employees of Rowan Regional Medical Center (the "Rowan Plan") and the Prince William Hospital Corporation Cash Balance Pension Plan (the "Prince William Plan"), respectively Participation in the Rowan Plan was closed to new entrants and the accrued benefits were frozen as of December 31, 2003 Participation in the Prince William Plan was closed to new entrants and the accrued benefits were frozen as of April 1, 2010 The assets of the plans are primarily invested in common trust funds, common stocks, bonds, notes and U S. government securities

Certain Novant affiliates have supplemental retirement income plans covering highly compensated employees These are nonqualified plans which are not subject to ERISA funding requirements. As such, Novant intends only to fund the plans in amounts equivalent to the plans' annual benefit payments

Novant also provides fixed dollar amounts for health care and life insurance benefits to certain retired employees Covered employees may become eligible for these benefits if they meet minimum age and service requirements, and if they are eligible for retirement benefits. Novant has the right to modify or terminate these benefits

Information regarding benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost follows within this footnote.

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Change in benefit obligations				
Projected benefit obligation at beginning of year	$ 380,119	$ 330,556	$ 22,916	$ 19,863
Service cost	3,453	3,127	201	188
Interest cost	15,460	16,799	905	990
Actuarial loss	1,071	6,878	849	2,724
Assumption change	19,564	45,100	-	-
Plan amendments	-	2,608	-	-
Settlements	-	(11,058)	-	-
Benefits paid	(18,001)	(13,891)	(933)	(1,056)
Employee contributions	-	-	180	207
Projected benefit obligation at end of year	$ 401,666	$ 380,119	$ 24,118	$ 22,916

The accumulated benefit obligation for all defined benefit pension plans at the end of 2012 and 2011 was $367,739 and $367,891, respectively. The assumption changes above are primarily a result of changes in the discount rate in 2012 and 2011 The settlement charges above are a result of the application of settlement accounting requiring the acceleration of the amortization of actuarial loss in unrestricted net assets due to the timing of benefit payout

Weighted-Average Assumptions Used to Determine End of Year Benefit Obligations	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Discount rate	2.45 - 3.82 %	3 65 - 4 30%	1 25 - 3 70%	2 20 - 4 15%
Rate of compensation increase[1]	5.00%	5.00%	N/A	N/A
Health care cost trend on covered charges	N/A	N/A	8 5% in 2013, grading to 5.0% in 2020	9.0% in 2012, grading to 5 0% in 2020

(1) The compensation increase does not apply to the Row an Plan or the Prince William Plan as benefits under these plans were frozen at December 31, 2012 and 2011

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported as of December 31, 2012

Plan Assets

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Change in plan assets				
Fair value of plan assets at beginning of year	$ 231,747	$ 231,290	$ -	$ -
Actual return on plan assets	35,640	5,959	-	-
Employer contribution	18,752	9,214	752	849
Employee contributions	-	-	180	207
Settlements	-	11,058	-	-
Benefits paid, including plan expenses	(18,518)	(25,774)	(932)	(1,056)
Fair value of plan assets at end of year	$ 267,621	$ 231,747	$ -	$ -

The Company's primary investment objective for the defined benefit plans ("the Plans") is to invest plan assets in a manner that maximizes the probability of meeting the plans' liabilities when due. The Plans hold equity mutual funds that are diversified by geography, capitalization, style and investment manager The Plans also hold fixed income mutual funds that are diversified by issuer and maturity In addition, the Plans may hold Treasury Inflation-Protected Securities, alternative asset, real estate and commodity mutual funds. The investment guidelines, asset allocation, and investment performance are reviewed quarterly by the Novant Pension Restoration Committee

Novant's pension plan asset allocation at December 31, 2012 and 2011 and target allocation for 2012 by asset category are as follows

	Target Range	Percentage of Plan Assets at December 31,	
		2012	2011
Asset Category			
Real estate and other	0–10%	3.0 %	3 0 %
Alternative asset funds	0–15%	7 0	7 0
Equity securities	25–70%	44.0	46.0
Debt securities	25–70%	46.0	44 0
		100.0 %	100 0 %

The fair values of the Company's Plan assets at December 31, 2012, by asset category are as follows

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity securities				
U S equity	$ -	$ 51,016	$ -	$ 51,016
Developed non-U S equity	-	37,666	-	37,666
Emerging markets equity	-	30,225	-	30,225
Fixed income securities				
U S fixed income	-	122,349	-	122,349
Alternative asset funds	-	19,825	-	19,825
Real estate and other	-	6,540	-	6,540
Total fair value of the Company's Plan assets	$ -	$ 267,621	$ -	$ 267,621

The fair values of the Company's Plan assets at December 31, 2011, by asset category are as follows·

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity securities				
U S equity	$ -	$ 50,184	$ -	$ 50,184
Developed non-U S equity	-	42,144	-	42,144
Emerging markets equity	-	13,475	-	13,475
Fixed income securities				
U S fixed income	-	101,508	-	101,508
Alternative asset funds	-	16,923	-	16,923
Real estate and other	-	7,513	-	7,513
Total fair value of the Company's Plan assets	$ -	$ 231,747	$ -	$ 231,747

Funded Status

The funded status of the plans recognized in the balance sheet and the amounts recognized in unrestricted net assets follows.

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
End of Year				
Fair value of plan assets at end of year	$ 267,621	$ 231,747	$ -	$ -
Benefit obligation at end of year	401,666	380,119	24,118	22,916
Funded status	$ (134,045)	$ (148,372)	$ (24,118)	$ (22,916)
Amount recognized in the balance sheets				
Prepaid benefit cost at measurement date	$ 33,450	$ 28,139	$ -	$ -
Accrued benefit cost	(20,976)	(18,155)	(24,118)	(22,916)
Change in unrestricted net assets	(146,519)	(158,356)	-	-
Net liability recognized	$ (134,045)	$ (148,372)	$ (24,118)	$ (22,916)
Amounts recognized in unrestricted net assets				
Prior service cost	$ 6,503	$ 5,179	$ -	$ -
Net actuarial loss	140,016	153,177	2,954	2,156
	$ 146,519	$ 158,356	$ 2,954	$ 2,156
Other changes in plan assets and benefit obligations				
Net loss (gain)	$ (11,068)	$ 54,912	$ 849	$ 2,724
Prior service cost (credit)	(15)	2,608	-	-
Amortization of net loss (gain)	(2,093)	(6,390)	89	685
Amortization of prior service cost (credit)	1,339	1,595	(140)	457
Total recognized in unrestricted net assets	$ (11,837)	$ 52,725	$ 798	$ 3,866

At the end of 2012 and 2011, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets were as follows:

Accumulated Benefit Obligation in Excess of Plan Assets	**2012**	**2011**
Projected benefit obligation	$ 401,666	$ 380,119
Accumulated benefit obligation	367,739	367,891
Fair value of plan assets	267,621	231,747

Cash Flows

The Company expects to make contributions to the defined benefit pension plan of approximately $4,940 in 2013 The Company expects to make contributions to the supplemental retirement income plan of approximately $6,778 for the 2013 fiscal year.

The following assumed benefit payments, which reflect expected future service, as appropriate, and were used in the calculation of projected benefit obligations, are estimated to be paid as follows

	Employee Benefit Plans	Postretirement Healthcare Benefit Plans
Expected Benefit Payments		
2013	$ 18,964	$ 1,057
2014	23,196	1,108
2015	14,250	1,158
2016	13,955	1,204
2017	13,743	1,232
2018–2022	107,566	6,760

Net periodic benefit cost	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	**2011**	**2012**	**2011**
Service cost	$ 3,453	$ 3,127	$ 201	$ 188
Interest cost	15,460	16,799	905	990
Estimated return on plan assets	(14,716)	(15,212)	-	-
Amortization of prior service cost	(1,339)	(1,595)	-	(511)
Recognized net actuarial loss (gain)	13,651	8,369	51	(633)
Settlements	-	5,166	-	-
Recognized curtailment loss	(245)	-	-	-
Net periodic benefit cost	$ 16,264	$ 16,654	$ 1,157	$ 34
Total recognized in net periodic benefit cost and unrestricted net assets	$ 4,427	$ 69,379	$ 1,955	$ 3,900

Amounts expected to be amortized from unrestricted net assets into net periodic benefit cost during the year ending December 31, 2013 are as follows:

	Defined Benefit Plans	Postretirement Healthcare Benefit Plans
Actuarial net loss	$ 25,678	$ 206
Prior service cost	1,457	-

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Discount rate	3.65 - 4.30%	4 50 - 5.50%	2.20 - 4.15%	2.75 - 5.25%
Expected return on plan assets	6.00 - 7.00%	6.00 - 8.00%	N/A	N/A
Rate of compensation increase[1]	5.00%	5 00%	N/A	N/A
Health care cost trend on covered charges	N/A	N/A	9 0% in 2012, grading to 5.0% in 2020	7.5 - 9 5% in 2011, grading to 5.0% in 2016

(1) The compensation increase does not apply to the Rowan Plan or the Prince William Plan as benefits under these plans were frozen at December 31, 2012 and 2011

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported as of December 31, 2012

In addition to these plans, Novant sponsors a number of defined contribution plans Contributions are determined under various formulas. Costs related to such plans amounted to $54,895 and $53,728 in 2012 and 2011, respectively.

Certain Novant affiliates participate in cafeteria plans which provide certain benefits, including basic medical and dental coverage, long-term disability benefits, reimbursement of supplemental dependent care expenses and group life insurance benefits. The affiliates contribute predetermined amounts for each full-time and part-time employee, which is allocated to the various benefit options in accordance with the participant's election Affiliate contributions to these plans were approximately $166,476 in 2012 and $161,418 in 2011

Novant is self-insured for medical coverage exposures up to certain limits for all Novant employees The Company has recorded an estimate of the liability for claims incurred but not reported as of December 31, 2012 and 2011

18. Noncontrolling Interests

The following table reconciles the carrying amounts of the Company's controlling interest and the noncontrolling interests for unrestricted net assets

	Total	Controlling Interest	Noncontrolling Interests
Balance at January 1, 2011	$ 1,917,421	$ 1,909,918	$ 7,503
Excess of revenues over expenses	890	(915)	1,805
Loss on discontinued operations	(3,996)	(3,996)	-
Gain on sale of discontinued operations	14,893	14,893	-
Change in funded status of defined benefit plans	(56,591)	(56,591)	-
Unrealized loss on derivative financial instruments	(32,363)	(32,363)	-
Other changes in unrestricted net assets	2,397	733	1,664
Balance at December 31, 2011	1,842,651	1,831,679	10,972
Excess of revenues over expenses	273,590	272,428	1,162
Loss on discontinued operations	(2,840)	(2,840)	-
Gain on sale of discontinued operations	1,721	1,721	-
Change in funded status of defined benefit plans	11,039	11,039	-
Unrealized loss on derivative financial instruments	(2,078)	(2,078)	-
Other changes in unrestricted net assets	2,188	4,585	(2,397)
Balance at December 31, 2012	$ 2,126,271	$ 2,116,534	$ 9,737

19. Professional and General Liability Insurance Coverage

Novant is self-insured for professional and general liability exposures up to certain limits. The Company has umbrella policies in place above those limits. The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported Novant also participates in a self-insured program for workers' compensation and is self-insured for certain health benefits options A portion of these self-insured professional liabilities is funded through a revocable trust fund operated by Novant Liabilities for self-insured professional and general liability risks, for both asserted and unasserted claims were discounted, assuming a 3% rate for both malpractice and workers' compensation for December 31, 2012 and 2011, based on historical loss payment patterns This resulted in a present value of $68,072 and $67,914 at December 31, 2012 and 2011, respectively, and represented a discount of $5,945 and $5,672 in 2012 and 2011, respectively.

20. Commitments and Contingencies

The Company and its affiliates are presently involved in various personal injury, regulatory investigations, tort actions and other claims and assessments arising out of the normal course of business. Management believes that Novant has adequate legal defenses, self-insurance reserves and/or insurance coverage for these asserted claims, as well as any unasserted claims and does not believe these claims will have a material effect on Novant's operations or financial position.

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 program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and 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

21. Operating Leases

Certain operating properties and equipment are leased under noncancelable operating leases. Total rental expense under operating leases was $93,197 and $96,416 in 2012 and 2011, respectively Future minimum rentals under noncancelable operating leases with terms of more than one year are as follows

Years Ending December 31	
2013	$ 85,913
2014	78,104
2015	71,534
2016	62,448
2017	51,505
Thereafter	169,521
	$ 519,025

Novant leases six plots of land to a third party under long-term ground lease agreements Total rental income under these lease agreements was $1,094 and $1,064 in 2012 and 2011, respectively The future rental income related to the ground leases are as follows.

Years Ending December 31	
2013	$ 1,124
2014	1,144
2015	1,165
2016	1,186
2017	1,207
Thereafter	91,668
	$ 97,494

22. Concentrations of Credit Risk

Novant provides services primarily to the residents of various counties within North Carolina, South Carolina and Virginia without collateral or other proof of ability to pay Most patients are local residents who are insured partially or fully under third-party payor arrangements

The mix of receivables from patients and third-party payors at December 31 is as follows:

	2012	2011
Medicare	27 5%	26 6%
Medicaid	9.4%	10 8%
Other third-party payors	54 8%	55 1%
Patients	8.3%	7 5%
	100 0%	100 0%

Novant places the majority of its cash and investments with corporate and financial institutions Novant maintains cash balances in excess of FDIC insured limits, however, the Company has not experienced any losses on such deposits

23. Functional Expenses

Novant provides general health care services to residents within its geographic region. Expenses relating to providing these services at December 31 are as follows·

	2012	2011
Health care services	$ 2,424,151	$ 2,304,705
General and administrative	946,394	942,622
	$ 3,370,545	$ 3,247,327

24. Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 29, 2013, the day the financial statements were issued

25. Recent Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-4, *Fair Value Measurement (Topic 820),* which amends the fair value disclosure requirements regarding transfers between Level 1 and Level 2 of the fair value hierarchy and also the categorization by level of the fair value hierarchy for items that are not measured at fair value in the financial statements but for which the fair value is required to be disclosed. ASU 2011-4 also requires additional disclosures for Level 3 measurements including a description of the valuation process, sensitivity, and quantitative disclosures of unobservable inputs This guidance was effective for Novant beginning January 1, 2012.

In July 2011, the FASB issued ASU 2011-7, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which requires certain health care entities to present the provision for bad debts related to patient service revenues as a deduction from revenue, net of contractual allowances and discounts, versus as an expense in the statement of operations In addition, it also requires enhanced disclosures regarding revenue recognition policies and the assessment of bad debt This guidance was effective for Novant beginning January 1, 2012 and was retrospectively applied

In September 2011, the FASB issued ASU 2011-8, *Intangibles, Goodwill and Other (Topic 350) - Testing Goodwill for Impairment* This guidance provides entities with the option of first assessing qualitative factors about the likelihood of goodwill impairment to determine whether further impairment assessment is necessary This guidance is effective for Novant beginning January 1, 2012. Novant elected to early adopt this new guidance in 2011 The adoption of this guidance had no impact on Novant's combined statements of financial position and results of operations.

In July 2012, the FASB issued ASU 2012-2, *Testing Indefinite-Lived Intangible Assets for Impairment* This guidance provides the option to perform a qualitative assessment of whether it is more likely than not that the indefinite-lived asset is impaired. ASU 2012-2 is effective for fiscal years beginning after September 15, 2012 Novant elected to early adopt this standard effective in 2012 The adoption of this guidance had no impact on Novant's combined statements of financial position and results of operations

Other Financial Information

pwc

Report of Independent Auditors on Accompanying Information

To the Board of Trustees of
Novant Health, Inc.

We have audited the combined financial statements of Novant Health, Inc. and Affiliates as of December 31, 2012 and for the year then ended and our report thereon appears at the beginning of this document. That audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The Combining Supplemental Schedules and the Schedule of Cost of Community Benefit Programs are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the combined financial statements. The Combining Supplemental Schedules and Schedule of Cost of Community Benefit Programs have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Supplemental Schedules and Schedule of Cost of Community Benefit Programs are fairly stated, in all material respects, in relation to the combined financial statements taken as a whole. The Combining Supplemental Schedules are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and are not required parts of the combined financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies.

PricewaterhouseCoopers LLP

March 29, 2013

PricewaterhouseCoopers LLP, 800 Green Valley Road, Suite 500, Greensboro, NC 27408
T: (336) 665-2700, F: (336) 665-2699, www.pwc.com/us

Novant Health, Inc. and Affiliates
Schedule of Cost of Community Benefit Programs
December 31, 2012 and 2011

(In thousands of dollars)	2012	2011
Traditional charity care	$ 123,475	$ 124,117
Unpaid cost of Medicare	256,903	239,520
Unpaid cost of Medicaid	111,141	67,696
Community benefit programs	54,587	86,627
	$ 546,106	$ 517,960

As discussed in Note 2 in the accompanying financial statements, Novant received supplemental Medicaid payments during 2012 related to both 2011 and 2012 The community benefit amounts for 2012 include only the supplemental payments related to 2012 The 2011 amounts have been adjusted to reflect the supplemental payments related to 2011.

Novant Health, Inc. and Affiliates
Combining Balance Sheet
December 31, 2012

(in thousands of dollars)	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 189,825	$ 86,812	$ -	$ 276,637
Accounts receivable, net of allowance for doubtful accounts	306,585	83,595	-	390,180
Short-term investments	308,376	320	-	308,696
Current portion of assets limited as to use	13,669	10,182	-	23,851
Deferred tax asset	-	3,728	-	3,728
Receivable for settlement with third-party payors	10,611	1,988		12,599
Other current assets	119,831	21,696	-	141,527
Total current assets	948,897	208,321	-	1,157,218
Assets limited as to use, net of current portion	27,286	54,108	-	81,394
Long-term investments	944,508	247,780	-	1,192,288
Property and equipment, net	1,232,634	424,334	-	1,656,968
Intangible assets and goodwill, net	31,750	358,032	-	389,782
Investments in affiliates	394,642	8,408	(240,905)	162,145
Deferred tax asset	-	2,945	-	2,945
Other assets	44,420	9,417	(2,723)	51,114
Total assets	$3,624,137	$ 1,313,345	$ (243,628)	$ 4,693,854
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	$ 58,021	$ 20,402	$ -	$ 78,423
Short-term borrowings	124,071	-	-	124,071
Accounts payable	120,805	13,358	-	134,163
Accrued liabilities	266,370	69,658	(2,723)	333,305
Estimated third-party payor settlements	21,056	5,397	-	26,453
Due to (from) related organizations	(513,630)	513,630	-	-
Total current liabilities	76,693	622,445	(2,723)	696,415
Long-term debt, net of current portion	1,384,595	88,398	-	1,472,993
Derivative financial instruments	70,966	812	-	71,778
Employee benefits and other liabilities	224,188	65,357	-	289,545
Total liabilities	1,756,442	777,012	(2,723)	2,530,731
Net assets				
Unrestricted-attributable to Novant	1,867,685	489,754	(240,905)	2,116,534
Unrestricted- noncontrolling interests	-	9,737	-	9,737
Temporarily restricted	10	26,943	-	26,953
Permanently restricted	-	9,899	-	9,899
Total net assets	1,867,695	536,333	(240,905)	2,163,123
Total liabilities and net assets	$3,624,137	$ 1,313,345	$ (243,628)	$ 4,693,854

See accompanying note to combining supplemental schedules

Novant Health, Inc.
Combining Statement of Operations
Year Ended December 31, 2012

(in thousands of dollars)	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues				
Patient service revenues (net of contractual allowances and discounts)	$ 2,832,036	$ 744,943	$ -	$ 3,576,979
Provision for bad debts	(109,563)	(69,961)	-	(179,524)
Net patient service revenues less provision for bad debts	2,722,473	674,982	-	3,397,455
Premium revenue	-	5,452	-	5,452
Other revenue	138,638	26,454	(12,726)	152,366
Total operating revenues	2,861,111	706,888	(12,726)	3,555,273
Operating expenses				
Salaries and employee benefits	1,524,348	309,485	(1,057)	1,832,776
Supplies and other	959,782	301,402	(10,805)	1,250,379
Depreciation expense	136,037	45,833	-	181,870
Amortization expense	1,027	5,692	-	6,719
Impairment charge	-	18,388	-	18,388
Interest expense	48,338	32,075	-	80,413
Total operating expenses	2,669,532	712,875	(11,862)	3,370,545
Operating income (loss)	191,579	(5,987)	(864)	184,728
Non-operating income (expense)				
Investment income (loss)	84,989	23,122	727	108,838
Unrealized losses on non-hedged derivative financial instruments	-	207	-	207
Income tax expense	(1,659)	(7,308)	-	(8,967)
Other, net	(3,199)	(81)	-	(3,280)
Loss on extinguishment of debt	(710)	(7,226)	-	(7,936)
Excess (deficit) of revenues over expenses	$ 271,000	$ 2,727	$ (137)	$ 273,590

See accompanying note to combining supplemental schedules.

Novant Health, Inc.
Combined Group Combining Balance Sheet
December 31, 2012

(in thousands of dollars)	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Assets				
Current assets				
Cash and cash equivalents	$ 185,934	$ 3,891	$ -	$ 189,825
Accounts receivable, net of allowance for doubtful accounts	217,898	88,687	-	306,585
Short-term investments	308,376	-	-	308,376
Current portion of assets limited as to use	13,669	-	-	13,669
Receivable for settlement with third-party payors	9,756	855	-	10,611
Other current assets	98,933	20,898	-	119,831
Total current assets	834,566	114,331	-	948,897
Assets limited as to use, net of current portion	27,286	-	-	27,286
Long-term investments	944,508	-	-	944,508
Property and equipment, net	965,222	267,412	-	1,232,634
Intangible assets and goodwill, net	1,600	30,150	-	31,750
Investments in affiliates	448,224	2,303	(55,885)	394,642
Other assets	36,272	8,148	-	44,420
Total assets	$ 3,257,678	$ 422,344	$ (55,885)	$ 3,624,137
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	$ 57,874	$ 147	$ -	$ 58,021
Short-term borrowings	124,071	-	-	124,071
Accounts payable	112,808	7,997	-	120,805
Accrued liabilities	212,108	54,262	-	266,370
Estimated third-party payor settlements	17,434	3,622	-	21,056
Due to (from) related organizations	(541,369)	27,739	-	(513,630)
Total current liabilities	(17,074)	93,767	-	76,693
Long-term debt, net of current portion	1,384,370	225	-	1,384,595
Derivative financial instruments	70,966	-	-	70,966
Employee benefits and other liabilities	214,002	10,186	-	224,188
Total liabilities	1,652,264	104,178	-	1,756,442
Net assets				
Unrestricted	1,605,404	318,166	(55,885)	1,867,685
Temporarily restricted	10	-	-	10
Total net assets	1,605,414	318,166	(55,885)	1,867,695
Total liabilities and net assets	$ 3,257,678	$ 422,344	$ (55,885)	$ 3,624,137

See accompanying note to combining supplemental schedules

Novant Health, Inc.
Combined Group Combining Statement of Operations
Year Ended December 31, 2012

(in thousands of dollars)	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Operating revenues				
Patient service revenues (net of contractual allowances and discounts)	$ 1,824,796	$1,007,515	$ (275)	$ 2,832,036
Provision for bad debts	(68,260)	(41,303)	-	(109,563)
Net patient service revenues less provision for bad debts	1,756,536	966,212	(275)	2,722,473
Other revenue	120,624	20,497	(2,483)	138,638
Total operating revenues	1,877,160	986,709	(2,758)	2,861,111
Operating expenses				
Salaries and employee benefits	935,742	588,606	-	1,524,348
Supplies and other	644,148	318,077	(2,443)	959,782
Depreciation expense	93,673	42,364	-	136,037
Amortization expense	872	155	-	1,027
Interest expense	37,096	11,242	-	48,338
Total operating expenses	1,711,531	960,444	(2,443)	2,669,532
Operating income (loss)	165,629	26,265	(315)	191,579
Non-operating income (expense)				
Investment income (loss)	84,989	(315)	315	84,989
Income tax benefit (expense)	(1,664)	5	-	(1,659)
Other, net	(32)	(3,167)	-	(3,199)
Loss on extinguishment of debt	(710)	-	-	(710)
Excess of revenues over expenses	$ 248,212	$ 22,788	$ -	$ 271,000

See accompanying note to combining supplemental schedules.

Novant Health, Inc.
Note to Combining Supplemental Schedules
December 31, 2012

The Amended and Restated Master Trust Indenture dated June 1, 2003, with Wachovia Bank, National Association authorizes the creation of a Combined Group, which consists of the Members of the Obligated Group and Restricted Affiliates designated as such by a Member of the Obligated Group with Novant's consent Novant and its two affiliates that operate tertiary care hospitals, Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center and The Presbyterian Hospital, both of which are North Carolina nonprofit corporations, are the Members of the Obligated Group. The Members of the Obligated Group are jointly and severally liable for the payment of all Master Obligations issued under the Master Indenture.

Novant has designated ten of its affiliates as Restricted Affiliates Five of these Restricted Affiliates, Medical Park Hospital, Inc , Community General Health Partners, Inc d/b/a Thomasville Medical Center, Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews, Brunswick Community Hospital and Presbyterian Orthopaedic Hospital, LLC, operate, or maintain a significant investment in, hospitals The other five Restricted Affiliates, Carolina Medicorp Enterprises, Inc., Forsyth Medical Group, LLC, Foundation Health Systems Corp , Novant Medical Group, Inc. f/k/a Presbyterian Regional Healthcare Corp and Salem Health Services, Inc., provide, or invest in subsidiaries or joint ventures which provide health care and ancillary services. Restricted Affiliates are not directly obligated to pay Master Obligations, but the Members of the Obligated Group have covenanted in the Master Indenture to cause the Restricted Affiliates to provide funds to the Members of the Obligated Group to pay Master Obligations All of the Members of the Combined Group, except Salem Health Services, Inc , are exempt from federal and North Carolina income taxation

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ▶ [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	PRESBYTERIAN HOSPITAL	56-0554230
	Number, street, and room or suite no. If a P.O. box, see instructions. 2085 FRONTIS PLAZA BLVD	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. WINSTON SALEM, NC 27103	

Enter the Return code for the return that this application is for (file a separate application for each return) ..... [0 1]

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ KAREN DAUGHERTY 2085 FRONTIS PLAZA BLVD - WINSTON SALEM, NC 27103
  Telephone No. ▶ 336-718-2803 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ..... ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until NOVEMBER 15, 2013.

5 For calendar year 2012, or other tax year beginning _____, and ending _____.

6 If the tax year entered in line 5 is for less than 12 months, check reason: [ ] Initial return [ ] Final return
[ ] Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS REQUESTED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE RETURN

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	$	0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	$	0.
c	**Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	$	0.

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ _____ Title ▶ SR. DIRECTOR - TAX Date ▶ 7-23-13