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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 04-01-2012 , 2012, and ending 03-31-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
620 NORTH MAIN
Suite

City or town, state or country, and ZIP + 4
HARRISON, AR 72601

D Employer identification number
71-0787860

E Telephone number
(870) 414-5157

G Gross receipts $ 93,692,765

F Name and address of principal officer
VINCE LEIST
620 NORTH MAIN
HARRISON, AR 72601

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 narmc com

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

L Year of formation 1996

M State of legal domicile AR

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
OUR MISSION IS TO IMPROVE THE HEALTH OF OUR COMMUNITY BY PROVIDING SAFE, QUALITY HEALTHCARE AND RESOURCES WITH COMPASSION AND INTEGRITY

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	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	917
6	Total number of volunteers (estimate if necessary)	6	200
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	424,406	536,660
	9	Program service revenue (Part VIII, line 2g)	77,669,057	90,044,184
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,016,816	799,284
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	418,437	2,205,645
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	79,528,716	93,585,773
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	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)	33,220,131	37,541,260
	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)	43,152,905	52,250,408
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	76,373,036	89,791,668
	19	Revenue less expenses Subtract line 18 from line 12	3,155,680	3,794,105

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	92,333,758	96,905,579
	21	Total liabilities (Part X, line 26)	40,325,037	40,611,108
	22	Net assets or fund balances Subtract line 21 from line 20	52,008,721	56,294,471

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

****** | 2014-02-05
Signature of officer | Date

DEBRA HENRY 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
AMBER SHERRILL				

Firm's name ▶ BKD LLP | Firm's EIN ▶

Firm's address ▶ PO BOX 3667 LITTLE ROCK, AR 722033667 | Phone no (501) 372-1040

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

WE ARE DEDICATED TO PROVIDING QUALITY SERVICES THAT ARE COMPREHENSIVE AND AFFORDABLE WE EXPECT SERVICES TO BE DELIVERED COMPASSIONATELY, APPROPRIATELY, RESPONSIBLY, SAFELY AND EFFICIENTLY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☑ Yes ☐ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 69,098,135 including grants of $) (Revenue $ 89,664,626)

NARMC PROVIDED OVER 15,537 DAYS OF PATIENT CARE, WITH 53 55% BEING PROVIDED TO MEDICARE AND MEDICAID PATIENTS IN CONNECTION WITH THE PROVIDING OF CARE, NARMC WROTE OFF $128,195,912 OF CHARGES IN THE FORM OF CONTRACTUALS AND CHARITY, EQUALING 58 63% OF TOTAL GROSS INCOME SERVING OVER 8,600 PERSONS

4b (Code) (Expenses $ 315,283 including grants of $) (Revenue $ 378,483)

NARMC IS A CO-SPONSOR OF NORTH ARKANSAS PARTNERSHIP FOR HEALTH EDUCATION, INC (A NOT-FOR-PROFIT CORPORATION)

4c (Code) (Expenses $ 130,279 including grants of $) (Revenue $ 1,075)

THE LARGEST PROGRAM SERVICE FOR NARMC IS BEING A SUPPORTER OF THE MEDICAL MISSION CLINIC NARMC PROVIDES FREE MEDICAL SERVICES THAT QUALIFY AS CHARITY CARE

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 69,543,697

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
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	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
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		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

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		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, 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	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, 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		No
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		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
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		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a** 35			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b** 0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	**2a** 917			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		**2b**	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		**4a**		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		**5b**		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		**8**		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		**9b**		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		**13a**		
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**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		**14b**		

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

Check if Schedule O contains a response to any question in this Part VI . . . ☑

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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

▶DEBRA HENRY 620 NORTH MAIN HARRISON, AR (870) 414-5157

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) WESLEY HUDSON BOARD MEMBER	1 0 1 0	X						0	0	0
(2) DAN BOWERS BOARD MEMBER	1 0 1 0	X						0	0	0
(3) MIKE MCNUTT BOARD CHAIRMAN	1 0 1 0	X		X				0	0	0
(4) ANN MAIN BOARD VICE CHAIRMAN	1 0 1 0	X		X				0	0	0
(5) FREDERICK S STROOPE TREASURER	1 0	X		X				0	0	0
(6) DR CHARLES ADAIR SECRETARY	1 0 1 0	X		X				0	0	0
(7) DR SHARRON LESLIE BOARD MEMBER	1 0	X						0	0	0
(8) DR ALI ABDELAAL BOARD MEMBER	1 0	X						0	0	0
(9) MIKE NORTON BOARD MEMBER	1 0 1 0	X						0	0	0
(10) VINCENT LEIST CEO	40 0 1 0			X				367,432	0	23,623
(11) RICHARD MCBRYDE COO	40 0 1 0			X				199,974	0	22,820
(12) DEBBIE L HENRY CFO	40 0 1 0			X				168,278	0	23,366
(13) DIANE ROBERTS CNO	40 0			X				139,243	0	10,805
(14) JAMES D WATERS ANESTHESIOLOGIST	40 0					X		369,293	0	22,763
(15) JAMES B JUSTICE PHYSICIAN	40 0					X		228,426	0	19,618
(16) RONALD REESE PHYSICIAN	40 0					X		199,260	0	12,771
(17) JOHN T LESLIE PHYSICIAN	40 0					X		186,905	0	11,481

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 dotted line)	(C) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(18) JAMES LANCE SHEALY ANESTHESIOLOGIST	40 0					X		194,434	0	14,873
(19) HELEN GENEVA MURPHY FORMER CNO	40 0						X	123,006	0	0

		(D)	(E)	(F)
1b	**Sub-Total** ▶			
c	**Total from continuation sheets to Part VII, Section A** ▶			
d	**Total (add lines 1b and 1c)** ▶	2,176,251	0	162,120

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 ▶24

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
AMN HEALTHCARE INC , PO BOX 281939 ATLANTA GA 303841939	HEALTHCARE STAFFING	444,643
THE RIGHT SOLUTIONS , PO BOX 595 TONTITOWN AR 72770	HEALTHCARE STAFFING	411,112
LOCKARD WILLIAMS , PO BOX 1688 PASCAGOULA MS 39568	INSURANCE ADMIN	313,860
NCO FINANCIAL SYSTEMS , 24886 NETWORK PLACE CHICAGO IL 606731248	COLLECTION AGENCY	305,896
BKD LLP , 400 W CAPITOL SUITE 2500 LITTLE ROCK AR 72203	ACCOUNTING SERVICES	290,762

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 ▶15

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	414,442				
	e	Government grants (contributions) 1e	66,993				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	55,225				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . ▶		536,660			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	621110	90,044,184	90,044,184		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		90,044,184			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . ▶		898,026	0	0	898,026
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . ▶		0			

		(i) Real	(ii) Personal	(A)	(B)	(C)	(D)
6a	Gross rents	26,469					
b	Less rental expenses						
c	Rental income or (loss)	26,469	0				
d	Net rental income or (loss) . . . . ▶			26,469	0	0	26,469
		(i) Securities	(ii) Other				
7a	Gross amount from sales of assets other than inventory		8,250				
b	Less cost or other basis and sales expenses	95,611	11,381				
c	Gain or (loss)	-95,611	-3,131				
d	Net gain or (loss) . . . . ▶			-98,742	0	0	-98,742
8a	Gross income from fundraising events (not including $ ______ of contributions reported on line 1c) See Part IV, line 18 . . a						
b	Less direct expenses . . . b						
c	Net income or (loss) from fundraising events . . ▶			0			
9a	Gross income from gaming activities See Part IV, line 19 . . . a						
b	Less direct expenses . . . b						
c	Net income or (loss) from gaming activities . . . ▶			0			
10a	Gross sales of inventory, less returns and allowances . a						
b	Less cost of goods sold . . b						
c	Net income or (loss) from sales of inventory . . ▶			0			
	Miscellaneous Revenue		Business Code				
11a	CAFETERIA SALES		722320	425,746			425,746
b	EDUCATION REVENUE		900099	42,115			42,115
c	LOSS ON EXTINGUISHMENT OF DEBT		900099	-93,640			-93,640
d	All other revenue			1,804,955			1,804,955
e	**Total.** Add lines 11a–11d . . . . . . ▶			2,179,176			
12	**Total revenue.** See Instructions . . . . . ▶			93,585,773	90,044,184	0	3,004,929

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	983,168	0	983,168	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	28,877,158	19,639,688	9,237,470	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	736,480	500,889	235,591	0
9 Other employee benefits	4,785,760	3,254,851	1,530,909	0
10 Payroll taxes	2,158,694	1,468,153	690,541	0
11 Fees for services (non-employees)				
a Management	0			
b Legal	120,678	82,075	38,603	0
c Accounting	406,805	276,673	130,132	0
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	9,967,312	6,778,884	3,188,428	0
12 Advertising and promotion	234,715	159,632	75,083	0
13 Office expenses	1,413,941	961,638	452,303	0
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	1,767,739	1,202,260	565,479	0
17 Travel	310,983	211,503	99,480	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	48,209	32,787	15,422	0
20 Interest	777,925	529,076	248,849	0
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	4,552,946	3,096,511	1,456,435	0
23 Insurance	642,625	437,057	205,568	0
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 BAD DEBTS	16,126,770	16,126,770	0	0
b MEDICAL SUPPLIES	7,189,019	7,189,019	0	0
c DRUGS	3,142,391	3,142,391	0	0
d PATIENT CHARGEABLES	2,126,821	2,126,821	0	0
e All other expenses	3,421,529	2,327,019	1,094,510	
25 **Total functional expenses.** Add lines 1 through 24e	89,791,668	69,543,697	20,247,971	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		657,316	1	917,031
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		12,956,975	4	16,115,550
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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 instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,411,608	7	1,438,748
	8	Inventories for sale or use		1,443,216	8	1,481,475
	9	Prepaid expenses and deferred charges		533,341	9	419,276
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 100,131,038			
	b	Less accumulated depreciation	10b 55,451,960	45,913,677	10c	44,679,078
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		28,991,245	12	31,333,203
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		426,380	15	521,218
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		92,333,758	16	96,905,579
Liabilities	17	Accounts payable and accrued expenses		6,946,052	17	10,190,835
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		29,530,000	20	28,679,770
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		3,848,985	23	1,740,503
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	0
	26	**Total liabilities.** Add lines 17 through 25		40,325,037	26	40,611,108
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		52,008,721	27	56,294,471
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		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		52,008,721	33	56,294,471
	34	Total liabilities and net assets/fund balances		92,333,758	34	96,905,579

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	93,585,773
2	Total expenses (must equal Part IX, column (A), line 25)	2	89,791,668
3	Revenue less expenses Subtract line 2 from line 1	3	3,794,105
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	52,008,721
5	Net unrealized gains (losses) on investments	5	491,645
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	56,294,471

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other ____________ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization’s financial statements compiled or reviewed by an independent accountant?	2a		No
	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			
b	Were the organization’s financial statements audited by an independent accountant?	2b	Yes	
	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 ☑ Consolidated basis ☐ Both consolidated and separate basis			
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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If “Yes,” did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

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 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 for 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 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 ▶☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

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 the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

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		

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

	(a)	(b)
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		11,232
j	Total Add lines 1c through 1i			11,232
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

Identifier	Return Reference	Explanation
OTHER LOBBYING ACTIVITIES	FORM 990, SCHEDULE C, PART II-B, LINE 1I	26 13% OF AHA MEMBERSHIP DUES ALLOCABLE TO LOBBYING $11,232

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
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

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)
☐ Preservation of an historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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 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	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance					
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					

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 ▶

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
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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		1,676,357		1,676,357
b Buildings		49,911,998	19,200,724	30,711,274
c Leasehold improvements				
d Equipment		46,821,591	36,251,236	10,570,355
e Other		1,721,092		1,721,092
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				44,679,078

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	0	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) 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
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	

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 ☐

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	77,953,779
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	491,645		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	3,131		
e	Add lines **2a** through **2d**			2e	494,776
3	Subtract line **2e** from line **1**			3	77,459,003
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	16,126,770		
c	Add lines **4a** and **4b**			4c	16,126,770
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	93,585,773

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

1	Total expenses and losses per audited financial statements			1	73,668,029
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	3,131		
e	Add lines **2a** through **2d**			2e	3,131
3	Subtract line **2e** from line **1**			3	73,664,898
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	16,126,770		
c	Add lines **4a** and **4b**			4c	16,126,770
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	89,791,668

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

Identifier	Return Reference	Explanation
EXPENSE INCLUDED IN REVENUES PER AUDIT, INCLUDED AS EXPENSE PER RETURN	FORM 990, SCHEDULE D, PART XI, LINE 4B	BAD DEBT EXPENSE $16,126,770
EXPENSE INCLUDED IN REVENUES PER AUDIT, INCLUDED AS EXPENSE PER RETURN	FORM 990, SCHEDULE D, PART XII, LINE 4B	BAD DEBTS $16,126,770
REVENUES INCLUDED IN EXPENSE PER AUDIT, INCLUDED IN REVENUE PER RETURN	FORM 990, SCHEDULE D, PART XI, LINE 2D	LOSS ON SALE OF ASSETS $3,131
REVENUES INCLUDED IN EXPENSE PER AUDIT, INCLUDED IN REVENUE PER RETURN	FORM 990, SCHEDULE D, PART XII, LINE 2D	LOSS ON SALE OF ASSETS $3,131
FIN 48 DISCLOSURE	FORM 990, SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740 BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS

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
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

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	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
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	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %			
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	3b	Yes	
	☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
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	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	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)			2,423,034		2,423,034	3 290 %
b Medicaid (from Worksheet 3, column a)			9,656,942	6,955,689	2,701,253	3 660 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			12,079,976	6,955,689	5,124,287	6 950 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			142,571		142,571	0 190 %
f Health professions education (from Worksheet 5)			25,610		25,610	0 030 %
g Subsidized health services (from Worksheet 6)			3,472,806	3,738,099	-265,293	0 230 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			80,804		80,804	0 110 %
j **Total.** Other Benefits			3,721,791	3,738,099	-16,308	0 100 %
k **Total.** Add lines 7d and 7j			15,801,767	10,693,788	5,107,979	7 050 %

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						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members			198,680		198,680	0 270 %
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total			198,680		198,680	0 270 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	16,126,770		
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	5,805,637		
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	22,895,634
6	Enter Medicare allowable costs of care relating to payments on line 5	6	23,199,363
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-303,729

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

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b		No

Part IV Management Companies and Joint Ventures (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 NORTH AR REG PHO	MANAGEMENT	50 000 %		50 000 %
2 NORTH AR PRT HLTH ED	HEALTH CARE TRAINING	50 000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	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	NORTH ARKANSAS MEDICAL SYSTEM 620 NORTH MAIN HARRISON,AR 72601	X	X					X		3 RURAL HLTH CLINICS 3 EMS SUBSTATIONS 3 CLINICS	

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 NORTH ARKANSAS MEDICAL SYSTEM

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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	Yes	
	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 12			
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	Yes	
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		No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	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	Yes	
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		No
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)*

Financial Assistance Policy

			Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	11	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 % If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	12	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☑ Income level b ☑ Asset level c ☑ Medical indigency d ☑ Insurance status e ☑ Uninsured discount f ☑ Medicaid/Medicare g ☑ State regulation h ☐ Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
	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 upon request g ☐ Other (describe in Part VI)			

Billing and Collections

			Yes	No
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	Yes	
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 the 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		No
	If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

		Yes	No
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 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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

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?
7

	Name and address	Type of Facility (describe)
1	NEWTON COUNTY FAMILY PRACTICE CLINIC 502 WEST COURT PO BOX 445 JASPER,AR 72641	RURAL HEALTH CLINIC
2	CLAUDE PARRISH COMMUNITY HEALTH CLINIC 131 EAST HIGHWAY 14 PO BOX 366 LEAD HILL,AR 72644	RURAL HEALTH CLINIC
3	MARSHALL FAMILY PRACTICE CLINIC 211 AIRPORT ROAD PO BOX 1266 MARSHALL,AR 72650	RURAL HEALTH CLINIC
4	NEWTON COUNTY SUBSTATION HWY 7 SOUTH JASPERA,AR 72641	EMS RURAL SUB-STATION
5	SEARCY COUNTY SUBSTATION 834 AIRPORT ROAD MARSHALL,AR 72650	EMS RURAL SUB-STATION
6	DIAMOND CITY SUBSTATION 311 GREENWOOD ST DIAMOND CITY,AR 72630	EMS RURAL SUB-STATION
7	DR REESE PRACTICE 114 E CRANDELL AVENUE HARRISON,AR 72601	SINGLE PHYSICIAN FAMILY PRACTI
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	FORM 990, SCHEDULE H, PART III, SECTION A, LINE 4A	THE MEDICAL CENTER REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERES, PATIENTS AND OTHERS THE MEDICAL CENTER PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, THE MEDICAL CENTER BILLS THIRD-PARTY PAYERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT THE AMOUNT REPORTED ON LINE 2 IS BASED ON BAD DEBTS PER THE AUDITED FINANCIAL STATEMENTS
COLLECTION PRACTICES	FORM 990, SCHEDULE H, PART III, SECTION C, LINE 9B	ONCE A PATIENT IS KNOWN TO QUALIFY FOR CHARITY CARE, ALL COLLECTION EFFORTS CEASE

Identifier	ReturnReference	Explanation
CHARGES FOR MEDICAL CARE	FORM 990, SCHEDULE H, PART V, SECTION B, LINE 19	NORTH ARKANSAS REGIONAL MEDICAL CENTER USED AN AVERAGE OF MAJOR COMMERCIAL INSURANCE DISCOUNTS TO DETERMINE THE AMOUNT OF DISCOUNTS PROVIDED TO INDIVIDUALS WHO DID NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE
NEEDS ASSESSMENT	FORM 990, SCHEDULE H, PART VI	NARMC ASSESSES THE HEALTH CARE NEED OF THE COMMUNITIES IT SERVES BY WORKING VERY CLOSELY WITH OTHER HEALTHCARE PROVIDERS AND EDUCATORS IN THE AREA AND PARTICIPATING IN THE SURVEY COMPLETED BY THE HOMETOWN HEALTH COALITION THROUGH THE BOONE COUNTY HEALTH UNIT THIS DOCUMENT COMPILES DATA FROM SCHOOLS, PHYSICIANS, GOVERNMENT AGENCIES AND THE HOSPITAL TO DETERMINE WHERE OUR COMMUNITY CAN HELP FILL THE VOID IN MEDICAL CARE NEEDS FOR OUR CITIZENS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	FORM 990, SCHEDULE H, PART VI	WE BELIEVE THAT CHARITY CARE BEGINS WHEN A PERSON WALKS IN THE DOOR OF ANY NARMC FACILITY AND IS IDENTIFIED AS POSSIBLY BEING UNABLE TO PAY FOR MEDICALLY NECESSARY HOSPITAL SERVICES OUR COMMITMENT IS TO IDENTIFY WAYS OF HELPING PATIENTS BEYOND THE PROVISION OF NEEDED MEDICAL CARE NARMC'S PATIENT RESOURCES DEPARTMENT IS RESPONSIBLE FOR THE HANDLING OF THE NARMC CHARITY CARE PROGRAM IN CONJUNCTION WITH THE NARMC BUSINESS OFFICE APPLICATIONS ARE TAKEN BY MAIL, PHONE, OR BY APPOINTMENT THROUGH THE PATIENT RESOURCES DEPARTMENT ALL APPLICATIONS ARE REVIEWED BY THE PATIENT RESOURCES DEPARTMENT, THEN REFERRED TO A PATIENT ACCOUNTS REPRESENTATIVE FOR FINAL ACCOUNTING ONCE ELIGIBILITY IS DETERMINED AND PAPERWORK/ACCOUNTING COMPLETED, ALL PAPERWORK IS PRESENTED TO THE FINANCE COMMITTEE FOR REVIEW ONCE A PATIENT'S ACCOUNTS HAVE REACHED LEGAL INTERVENTION, THEY ARE NOT ELIGIBLE FOR THE CHARITY CARE PROGRAM A PATIENT IS IDENTIFIED AS POSSIBLY NEEDING CHARITY CARE WHEN 1 PATIENT IS RECEIVING CARE THROUGH THE MEDICAL MISSION CLINIC 2 PATIENT INDICATES AT THE TIME OF ADMISSION ASSESSMENT THAT HE/SHE IS CONCERNED ABOUT WHETHER OR NOT HE/SHE CAN PAY THE NARMC BILL 3 PATIENT HAS NO INSURANCE OR PAYMENT SOURCE (INCLUDING MEDICARE AND MEDICAID) 4 PATIENT EXPRESSES AN INABILITY TO PAY FOR NEEDED PRESCRIPTIONS AT THE TIME OF DISCHARGE 5 PATIENT EXPRESSES AN INABILITY TO PAY THE CO-PAY REQUIRED BY HIS/HER INSURANCE ONCE A PATIENT IS IDENTIFIED AS POSSIBLY NEEDING CHARITY CARE, ONE OR MORE OF THE FOLLOWING IS IMPLEMENTED 1 PATIENT IS SEEN IN THE MEDICAL MISSION CLINIC 2 PATIENT IS SEEN OR CONTACTED BY NARMC'S MEDICAID WORKER, OR REFERRED TO THE APPROPRIATE GOVERNMENTAL AGENCY FOR ASSISTANCE THE MEDICAID WORKER WILL ALSO PROVIDE THE PATIENT WITH INFORMATION ABOUT THE NARMC CHARITY CARE PROGRAM 3 PATIENT IS SEEN BY OR REFERRED TO AN NARMC SOCIAL WORKER AND THE APPROPRIATE REFERRAL OR APPLICATION OF HELP IS MADE OPTIONS FOR HELP THROUGH NARMC PATIENT RESOURCES DEPARTMENT INCLUDE, BUT ARE NOT LIMITED TO A HELP IN APPLYING FOR GOVERNMENTAL ASSISTANCE B APPLYING FOR AND DETERMINING ELIGIBILITY FOR THE NARMC CHARITY CARE PROGRAM, INCLUDING THOSE WITH MEDICAL CONDITIONS/NEEDS THAT HAVE EXHAUSTED THEIR FINANCIAL RESOURCES C HELP IN APPLYING FOR AND DETERMINING ELIGIBILITY TO PHARMACEUTICAL ASSISTANCE PROGRAMS D PROVIDING FUNDS TO FILL PRESCRIPTIONS UPON DISCHARGE FROM THE HOSPITAL E REFERRING PATIENT TO LOCAL CHARITABLE ORGANZATIONS FOR ASSISTANCE WITH OBTAINING PRESCRIPTIONS, HOUSING, CLOTHING, FOOD, TRANSPORTATION, ETC IF FOR SOME REASON A PATIENT'S NEED FOR FINANCIAL ASSISTANCE IS NOT IDENTIFIED WHILE THE PATIENT IS RECEIVING INSERVICES AT NARMC, OPTIONS FOR HELP ARE ALSO PROVIDED TO THE PATIENTS IN THE FOLLOWING WAYS 1 WHEN HE/SHE CONTACTS THE BUSINESS OFFICE ABOUT HIS/HER HOSPITAL BILL, INFORMATION ABOUT ASSISTANCE PROGRAMS WILL BE PROVIDED 2 EVERY UNINSURED PATIENT IS SENT A LETTER AFTER HOSPITALIZATION EXPLAINING THEIR PAYMENT OPTIONS, I E , PAYMENT IN FULL WITH APPLICABLE DISCOUNT, INTEREST-FREE PAYMENT PLAN, BANK LOAN PLAN, OR FINANCIAL ASSISTANCE IF APPLICABLE 3 THE FOLLOWING INFORMATION APPEARS AT THE BOTTOM OF EACH MONTHLY STATEMENT TO INFORM PATIENTS OF HOW TO APPLY FOR HELP WITH AN NARMC BILL IF YOU ARE UNABLE TO PAY YOUR HOSPITAL BILL AND WANT TO FIND OUT IF YOU QUALIFY FOR ASSISTANCE THROUGH THE NARMC CHARITY CARE PROGRAM, PLEASE CALL 870-414-5498 TO RECEIVE ELIGIBILITY REQUIREMENTS AND REQUEST A SUBSIDY APPLICATION 4 EACH PATIENT RECEIVING HOSPITAL SERVICES, BOTH INPATIENT AND OUTPATIENT, WILL BE GIVEN FREQUENTLY ASKED QUESTIONS SHEET THAT WILL INCLUDE INFORMATION ABOUT ASSISTANCE WITH THEIR HOSPITAL BILL THESE ARE AVAILABLE IN ENGLISH AND SPANISH 5 COMMUNITY RESOURCE BOOKLETS ARE PROVIDED TO PATIENTS AND FAMILIES AS NEEDED THESE BOOKLETS INCLUDE INFORMATION ABOUT HOW TO GET ASSISTANCE WITH MEDICAL BILLS INFORMATION ABOUT AND APPLICATIONS FOR THE CHARITY CARE PROGRAM ARE AVAILABLE THROUGH THE NARMC BUSINESS OFFICE, MEDICAID OFFICE, CASE MANAGER, SOCIAL WORKERS, EMERGENCY DEPARTMENT, AND NURSING STAFF, AS WELL AS VARIOUS OUTSIDE AGENCIES, (I E , AREA CONNECTIONS, BOONE COUNTY HOME HEALTH, NEWTON COUNTY HOME HEALTH, SEARCY COUNTY HOME HEALTH) THERE IS A DESIGNATED VOICE MAIL LINE WHERE PATIENTS CAN CALL TO RECEIVE ELIGIBILITY REQUIREMENTS, OR REQUEST INFORMATION FOR AN APPLICATION, THE PHONE NUMBER IS 870-414-5498 1 APPLICATIONS WILL BE GIVEN DIRECTLY TO THE PATIENT OR MAILED UPON REQUEST 2 APPLICATIONS AND REQUIRED DOCUMENTATION WILL BE REVIEWED BY THE NARMC PATIENT RESOURCES DEPARTMENT TO DETERMINE ELIGIBILITY OR BY THE PATIENT ACCOUNTS REPRESENTATIVE AS INDICATED IN THE SPECIFIC GUIDELINES FOR EACH CATEGORY 3 ONCE FINAL ELIGIBILITY APPROVAL AND SIGN-OFF ARE COMPLETED, ALL APPLICATIONS ARE TURNED OVER TO THE BUSINESS OFFICE PATIENT ACCOUNTS REPRESENTATIVE TO COMPLETE ACCOUNTING AND PREPARE THE REPORT FOR THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS 4 APPLICATIONS FROM MEDICARE PATIENTS WHO ARE DETERMINED TO BE ELIGIBLE FOR CHARITY CARE FUNDS WILL BE SENT TO THE BUSINESS OFFICE MANAGER FOR MEDICARE BAD DEBT WRITE-OFF
PROMOTION OF COMMUNITY HEALTH	FORM 990, SCHEDULE H, PART VI	NARMC'S BOARD OF DIRECTORS CONSISTS OF COMMUNITY LEADERS WITH GOALS OF PROMOTING COMMUNITY HEALTH THE HOSPITAL PROVIDES FOUR FREE HEALTH SCREENINGS PER YEAR AND PROVIDES HEALTH CHECKS AT SEVERAL COMMUNITY EVENTS, SUCH AS COMMUNITY HEALTH FAIRS, COUNTY FAIRS, RODEOS, LOCAL BUSINESSES, ETC NARMC PARTNERS WITH AND FINANCIALLY SUPPORTS NORTH ARKANSAS PARTNERSHIP FOR HEALTH EDUCATION, WHICH PROVIDES HEALTH EDUCATION TO THE GENERAL POPULATION OF THE COMMUNITY EMERGENCY SERVICES ARE PROVIDED AT NUMEROUS COMMUNITY EVENTS WITH EITHER PHYSICIANS, PARAMEDICS, EMTS, NURSES, ETC ADDITIONALLY NARMC IS VERY INVOLVED IN THE COMMUNITIES IT SERVES BY PROVIDING COMMUNITY HEALTH SUPPORT AND EDUCATION THE HOSPITAL'S STAFF PARTICIPATES IN A VARIETY OF COMMUNITY SUPPORT ACTIVITIES INCLUDING, BUT NOT LIMITED TO, BUSINESS AFTER HOURS, WORLD'S LARGEST BABY FAIR, THE BUSINESS EXPO AND OZARK EXPO, KHOZ/NARMC HEALTH FAIR, THE KHOZ RADIO STATION MCDONALD'S BREAKFAST CLUB, TKO TELEVISION PROGRAM COMMUNITY CONNECTIONS, KHOZ RADIO STATION COMMUNITY CONTACT AND K26 TV'S 726 COMMUNITY INFORMATION PROGRAMS THE RURAL HEALTH CLINICS AND RURAL AMBULANCE STATIONS HAVE REPRESENTATIVES ON THE LOCAL CHAMBER OF COMMERCE BOARD OF DIRECTORS, MEMBERS OF KIWANIS, ROTARY, LIONS, EVENING LIONS, FIRST RESPONDERS, VOLUNTEER FIRE DEPARTMENT, ETC

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	FORM 990, SCHEDULE H, PART VI	NORTH ARKANSAS MEDICAL SYSTEM IS A PUBLIC BENEFIT CORPORATION TO NORTH ARKANSAS REGIONAL MEDICAL CENTER IT IS ORGANIZED TO OPERATE FOR THE BENEFIT OF, TO PERFORM THE FUNCTIONS OF AND/OR TO CARRY OUT THE PURPOSES OF THE HOSPITAL NORTH ARKANSAS MEDICAL SERVICES IS A PUBLIC BENEFIT CORPORATION TO NORTH ARKANSAS REGIONAL MEDICAL CENTER IT IS ORGANIZED TO OPERATE FOR THE BENEFIT OF, TO PERFORM THE FUNCTIONS OF AND/OR TO CARRY OUT THE PURPOSES OF THE HOSPITAL NORTH ARKANSAS MEDICAL FOUNDATION'S MISSION IS TO ENCOURAGE PUBLIC SUPPORT FOR THE ACTIVITIES AND PURPOSE OF NORTH ARKANSAS REGIONAL MEDICAL CENTER
STATE FILING OF COMMUNITY BENEFIT REPORT	FORM 990, SCHEDULE H, PART VI	THE STATE OF ARKANSAS DOES NOT REQUIRE NONPROFIT HOSPITALS TO PROVIDE COMMUNITY BENEFITS REPORTS

Identifier	ReturnReference	Explanation
OTHER HOSPITAL FACILITIES	FORM 990, SCHEDULE H, SECTION C	NARMC OWNS THREE RURAL HEALTH CLINICS 1 NEWTON COUNTY FAMILY PRACTICE IN JASPER, AR, 2 CLAUDE PARRISH COMMUNITY HEALTH CLINIC IN LEAD HILL, AR, 3 MARSHALL FAMILY PRACTICE IN MARSHALL, AR NARMC ALSO HAS THREE MANNED AMBULANCE SUBSTATIONS THEY ARE LOCATED IN JASPER, DIAMOND CITY AND MARSHALL THROUGH THESE RURAL HEALTH CLINICS AND AMBULANCE SUBSTATIONS WE CONTINUALLY MEET THE NEEDS OF THE COMMUNITIES WE SERVE IN THE RURAL AREAS NARMC SUPPORTS AND STAFFS THE LOCAL HOSPICE HOUSE WHICH PROVIDES TERMINALLY ILL PATIENTS AND THEIR FAMILIES WITH AN ALTERNATIVE TO HOSPICE SERVICES IN THEIR HOMES NARMC SUPPORTS THE MEDICAL CLINIC MISSION BY PROVIDING FREE HEALTH CARE SERVICES TO THE INDIGNET PATIENTS OF THE CLINIC COST OF SERVICES IS INCLUDED IN THE CHARITY SUBSIDY INFORMATION NARMC PARTNERS WITH NORTH ARKANSAS PARTNERSHIP FOR HEALTH EDUCATION WHICH PROVIDES QUALITY CERTIFIED HEALTH CARE TRAINING FOR COMMUNITY NEEDS TRAINING AND EDUCATION INCLUDES CLASSES FOR NURSE ASSISTANTS, HOME HEALTH AIDES, FIRST AIDE, CPR TRAINING AND CONTINUING HEALTH EDUCATION FOR HEALTHCARE PROFESSIONALS, AS WELL AS, COMMUNITY EDUCATION FOR HEALTHY LIVES, WEIGHT LOSS AND SMOKING CESSATION
COST TO CHARGE WORKSHEET	FORM 990, SCHEDULE H, PART I, LN 7	THE COST TO CHARGE RATIO, CALCULATED USING WORKSHEET 2, WAS USED IN COMPLETING LINE 7A AND 7B LINE 7E, 7F, 7G, AND 7I WERE CALCULATED USING ACTUAL COSTS

Identifier	ReturnReference	Explanation
MEDICARE	FORM 990, SCHEDULE H, PART III, LINE 8	THE AMOUNT REPORTED ON LINE 6 WAS CALCULATED USING THE MEDICARE COST REPORT THE SHORTFALL ON LINE 7 SHOULD BE CONSIDERED CHARITY CARE IRS REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY THIS IMPLIES THAT TREATING MEDICARE PATIENTS IS A COMMUNITY BENEFIT
BAD DEBT EXPENSE	FORM 990, SCHEDULE H, PART I, LINE 7, COLUMN F	BAD DEBT EXPENSE IN THE AMOUNT OF $16,126,770 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN A ("TOTAL FUNCTIONAL EXPENSES"), BUT IS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN THIS COLUMN

Identifier	ReturnReference	Explanation
ADDRESSED NEEDS IDENTIFIED IN LATEST CHNA	FORM 990, SCHEDULE H, PART V, LINE 7	NARMC ADDRESSED ALL SIGNIFICANT HEALTH NEEDS AS IDENTIFIED UNDER THE PROPOSED REGULATIONS AT THE TIME THE IMPLEMENTATION STRATEGY WAS PUT INTO PLACE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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				
See Additional Data Table								

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

Identifier	Return Reference	Explanation
HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES	FORM 990, SCH J, PART I, LINE 1A	VINCENT LEIST (CEO) $2,851 68 RICHARD MCBRYDE (COO) $635 00 DEBRA HENRY (CFO) $906 50 DIANE ROBERTS (CNO) $576 60
SEVERANCE PAYMENT	FORM 990, SCHEDULE J, PART I, LINE 4A	HELEN GENEVA MURHPY $123,006

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 71-0787860
Name: NORTH ARKANSAS REGIONAL MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
VINCENT LEIST	(i)	328,150	25,580	13,702	8,750	14,873	391,055	0
	(ii)	0	0	0	0	0	0	0
RICHARD MCBRYDE	(i)	194,420	4,462	1,092	7,037	15,783	222,794	0
	(ii)	0	0	0	0	0	0	0
DEBBIE L HENRY	(i)	163,304	3,882	1,092	5,993	17,373	191,644	0
	(ii)	0	0	0	0	0	0	0
JAMES D WATERS	(i)	368,021	180	1,092	7,890	14,873	392,056	0
	(ii)	0	0	0	0	0	0	0
JAMES B JUSTICE	(i)	227,154	180	1,092	7,995	11,623	248,044	0
	(ii)	0	0	0	0	0	0	0
RONALD REESE	(i)	119,270	63,447	16,543	4,619	8,152	212,031	0
	(ii)	0	0	0	0	0	0	0
HELEN GENEVA MURPHY	(i)	123,006	0	0	0	0	123,006	0
	(ii)	0	0	0	0	0	0	0
JOHN T LESLIE	(i)	176,388	6,271	4,246	3,576	7,905	198,386	0
	(ii)	0	0	0	0	0	0	0
JAMES LANCE SHEALY	(i)	193,162	180	1,092	0	14,873	209,307	0
	(ii)	0	0	0	0	0	0	0
DIANE ROBERTS	(i)	135,748	3,099	396	4,751	6,054	150,048	0
	(ii)	0	0	0	0	0	0	0

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	BOONE COUNTY AR	71-0386082	098646AS1	03-16-2006	25,000,000	HOSPITAL REVENUE CONSTRUCTION		X		X		X
B	BOONE COUNTY AR	71-0386082	098646AT9	11-16-2010	5,314,921	HOSPITAL REVENUE REFUNDING BONDS		X		X		X
C	BOONE COUNTY AR	71-0386082	098646BR2	12-20-2011	9,959,500	HOSPITAL REVENUE REFUNDING BONDS		X		X		X
D	BOONE COUNTY AR	71-0386082	098646CC4	03-01-2013	9,854,770	HOSPITAL REVENUE REFUNDING BONDS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	9,790,000	575,000	340,000	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	25,000,000	5,335,000	9,965,000	9,854,770
4	Gross proceeds in reserve funds	0	533,500	934,391	1,115,000
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrows	0	5,736,028	8,851,667	0
7	Issuance costs from proceeds	272,406	46,482	49,350	184,280
8	Credit enhancement from proceeds	377,517	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	24,360,795	0	0	0
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2008	2010	2011	

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►		0 00000%		0 00000%		0 00000%		0 00000%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ►		0 00000%		0 00000%		0 00000%		0 00000%
6	Total of lines 4 and 5		0 00000%		0 00000%		0 00000%		0 00000%
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X			X		X		X

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X		X		X	
b	Exception to rebate?		X		X		X		X
c	No rebate due?	X			X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X			X		X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
BOND YEAR	FORM 990, SCHEDULE K, PART I, A - D	A - COMPLETED ON BOND YEAR OF 5/1/2012 B - COMPLETED ON BOND YEAR OF 5/1/2012 C - COMPLETED ON BOND YEAR OF 5/1/2012 D - COMPLETED ON BOND YEAR OF 3/1/2013
REBATE COMPUTATION DATE	FORM 990, SCHEDULE K, PART IV, LINE 2C	FOR BOND A, THE LAST REBATE COMPUTATION WAS PERFORMED FOR THE COMPUTATION PERIOD MARCH 16, 2006 THROUGH FEBRUARY 28, 2011

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

Identifier	Return Reference	Explanation
REVIEW OF FORM 990	FORM 990, PART VI, QUESTION 11B	FORM 990 IS PROVIDED TO EACH BOARD DIRECTOR DURING THE BOARD COMMITTEE MEETINGS MANAGEMENT REVIEWED EACH SECTION AND ALL SIGNIFICANT DISCLOSURES WITH THE BOARD OF DIRECTORS
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, LINE 12C	BOARD OF DIRECTORS COMPLETE A QUESTIONNAIRE EACH YEAR AND DISCLOSURES (IF ANY) ARE REVIEWED BY THE BOARD AND OFFICERS KEY EMPLOYEES ARE REQUIRED TO REPORT ANY POTENTIAL CONFLICTS OF INTEREST TO THEIR SUPERVISOR AND TO HUMAN RESOURCES
COMPENSATION OF OFFICERS	FORM 990, PART VI, LINE 15A & 15B	HUMAN RESOURCES AND THE BOARD COMPARE THE CEO'S SALARY TO THE AHA SALARY DATABASE AND THEN SET THE SALARY BASED ON THEIR FINDINGS SALARIES OF OTHER OFFICERS OR KEY EMPLOYEES ARE COMPARED TO AHA SALARY DATABASE BY HUMAN RESOURCES AND ARE REVIEWED AND APPROVED BY THE CEO SALARIES OF OFFICERS AND KEY EMPLOYEES ARE ALSO REVIEWED BY THE BOARD
AVAILABILITY OF DOCUMENTS	FORM 990, PART VI, QUESTION 19	THE ORGANIZATION'S FINANCIAL STATEMENTS, GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE PROVIDED TO THE COUNTY ON A MONTHLY BASIS
SIGNIFICANT PROGRAM SERVICE CHANGE	FORM 990, PART III, LINE 2	THE MEDICINE GROUP- DR LESLIE PHYSICIAN PRACTICE- GENERAL & SPECIALTY SURGERY- DR COBLE PHYSICIAN PRACTICE

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

Name of the organization
NORTH ARKANSAS REGIONAL MEDICAL CENTER

Employer identification number
71-0787860

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	No
(1) NORTH ARKANSAS MEDICAL FOUNDATION 620 NORTH MAIN HARRISON, AR 72601 71-0787861	SUPPORT	AR	501 (C) (3)	11a	NARMC		No
(2) NORTH ARKANSAS MEDICAL SYSTEM 620 NORTH MAIN HARRISON, AR 72601 71-0787859	SUPPORT	AR	501 (C) (3)	11a	NA		No
(3) NORTH ARKANSAS MEDICAL SERVICES 620 NORTH MAIN HARRISON, AR 72601 71-0787858	SUPPORT	AR	501 (C) (3)	11a	NARMC		No

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) Disproprtionate 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 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

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

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

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

(a) Name of other organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved

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 section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 71-0787860
Name: NORTH ARKANSAS REGIONAL MEDICAL CENTER

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

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North Arkansas Medical System

Auditor's Report, Consolidated Financial Statements and Supplementary Information

March 31, 2013 and 2012

BKD LLP
CPAs & Advisors

North Arkansas Medical System

March 31, 2013 and 2012

Contents

Independent Auditor's Report

Board of Directors
North Arkansas Medical System
Harrison, Arkansas

We have audited the accompanying consolidated financial statements of North Arkansas Medical System (the System), which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 these 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 financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of North Arkansas Medical System as of March 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it

Little Rock, Arkansas
July 15, 2013

North Arkansas Medical System

Consolidated Balance Sheets

March 31, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	$ 960,216	$ 666,756
Assets limited as to use – current	1,344,310	1,040,856
Patient accounts receivable, net of allowance, 2013 – $44,779,183, 2012 – $42,035,161	14,749,164	11,969,831
Estimated amounts due from third-party payers	1,366,386	987,144
Supplies	1,481,478	1,443,216
Prepaid expenses	419,276	533,341
Other receivables	811,345	838,369
Total current assets	21,132,175	17,479,513
Assets Limited as to Use		
Internally designated	26,018,420	23,597,484
Externally restricted by donors	202,995	339,815
Held by trustee – under indenture agreements	5,396,048	4,172,612
Held by trustee – under escrow agreement	-	1,311,689
Held by trustee – workers' compensation	200,000	200,000
	31,817,463	29,621,600
Less amount required to meet current obligations	1,344,310	1,040,856
	30,473,153	28,580,744
Property and Equipment, Net	44,679,078	45,913,677
Other Assets	521,218	426,380
Total assets	$ 96,805,624	$ 92,400,314

Liabilities and Net Assets

		2013		2012
Current Liabilities				
Current maturities of long-term debt	$	2,314,948	$	2,341,545
Accounts payable		3,978,720		3,357,353
Estimated amounts due to third-party payers		1,862,281		682,234
Accrued expenses		4,349,834		3,588,699
Total current liabilities		12,505,783		9,969,831
Long-term Debt		28,105,325		30,355,206
Total liabilities		40,611,108		40,325,037
Net Assets				
Unrestricted		55,991,521		51,735,462
Temporarily restricted		202,995		339,815
Total net assets		56,194,516		52,075,277
Total liabilities and net assets	$	96,805,624	$	92,400,314

North Arkansas Medical System

Consolidated Statements of Operations

Years Ended March 31, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual allowances and discounts)	$ 90,044,184	$ 77,669,057
Provision for uncollectible accounts	(16,126,770)	(12,545,258)
Net patient service revenue less provision for uncollectible accounts	73,917,414	65,123,799
Other	2,366,278	596,344
Net assets released from restriction used for operations	1,900	1,865
Total unrestricted revenues, gains and other support	76,285,592	65,722,008
Expenses and Losses		
Salaries and wages	29,916,887	27,537,606
Employee benefits	7,695,379	5,726,525
Professional fees	4,381,512	2,943,215
Supplies and other	25,622,018	21,074,963
Depreciation and amortization	4,552,946	5,138,707
Interest	777,925	741,339
Provider assessment tax	879,230	788,360
Total expenses and losses	73,825,897	63,950,715
Operating Income	2,459,695	1,771,293
Other Income (Expense)		
Investment return	802,817	1,020,386
Loss on extinguishment of debt	(93,640)	(93,074)
Contributions received	213,417	164,777
Total other income	922,594	1,092,089
Excess of Revenues over Expenses	3,382,289	2,863,382
Investment return – change in unrealized gains and losses on other-than-trading securities	491,645	38,959
Net assets released from restriction for property acquisition	382,125	343,961
Increase in Unrestricted Net Assets	$ 4,256,059	$ 3,246,302

North Arkansas Medical System

Consolidated Statements of Changes in Net Assets

Years Ended March 31, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess of revenues over expenses	$ 3,382,289	$ 2,863,382
Investment return – change in unrealized gains and losses on other-than-trading securities	491,645	38,959
Net assets released from restriction for property acquisition	382,125	343,961
Increase in unrestricted net assets	4,256,059	3,246,302
Temporarily Restricted Net Assets		
Contributions received	247,004	215,162
Investment return	201	(2,162)
Net assets released from restriction	(384,025)	(345,826)
Decrease in temporarily restricted net assets	(136,820)	(132,826)
Change in Net Assets	4,119,239	3,113,476
Net Assets, Beginning of Year	52,075,277	48,961,801
Net Assets, End of Year	$ 56,194,516	$ 52,075,277

North Arkansas Medical System

Consolidated Statements of Cash Flows

Years Ended March 31, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 4,119,239	$ 3,113,476
Items not requiring (providing) cash		
Depreciation and amortization	4,552,946	5,138,707
Provision for uncollectible accounts	16,126,770	12,545,258
Net realized and unrealized gains on investments	(396,034)	(240,932)
Restricted contributions and investment income received	(30,746)	(75,516)
Loss on disposal of assets	3,131	2,814
Loss on extinguishment of debt	93,640	93,074
Changes in		
Patient accounts receivable	(18,906,103)	(12,601,122)
Accounts payable and accrued expenses	1,465,065	1,044,076
Estimated amounts due to third-party payers	800,805	19,733
Other current assets	102,827	(213,299)
Net cash provided by operating activities	7,931,540	8,826,269
Investing Activities		
Purchase of investments	(11,268,513)	(16,235,816)
Proceeds from disposition of investments	9,468,684	8,643,901
Purchase of property and equipment	(3,381,452)	(2,674,741)
Proceeds from sale of property and equipment	2,165	20,450
Net cash used in investing activities	(5,179,116)	(10,246,206)
Financing Activities		
Proceeds from restricted contributions and investment income	30,746	75,516
Proceeds from issuance of long-term debt	64,770	2,075,000
Payment of deferred financing costs	(213,232)	(166,290)
Principal payments on long-term debt	(2,341,248)	(1,460,972)
Net cash provided by (used in) financing activities	(2,458,964)	523,254
Increase (Decrease) in Cash and Cash Equivalents	293,460	(896,683)
Cash and Cash Equivalents, Beginning of Year	666,756	1,563,439
Cash and Cash Equivalents, End of Year	$ 960,216	$ 666,756
Supplemental Cash Flows Information		
Interest paid	$ 722,671	$ 645,860
Change in capital additions included in accounts payable	$ (82,563)	$ (95,756)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

North Arkansas Medical System (the System) primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Boone County and surrounding areas of northwest Arkansas. It also operates a home health agency, a hospice, three rural health clinics and a family practice clinic in the same geographic area. The consolidated financial statements include the accounts of North Arkansas Regional Medical Center (Medical Center), North Arkansas Medical Foundation (Foundation) and North Arkansas Medical Services (Services), all of which the System is the sole member. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Medical Center entered into a five-year lease agreement with Boone County, Arkansas, for the hospital property and equipment on March 1, 1997, with automatic annual renewals after the initial term. On October 1, 2010, the agreement was amended to provide an additional term through December 31, 2041. Title to the existing leased property and all leasehold improvements will remain with the county. Upon termination of the lease, all rights and title to the leased premise and all major improvements return to Boone County, Arkansas. These assets have been included in the financial statements.

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 period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The System considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers.

At March 31, 2013, the System's cash accounts exceeded federally insured limits by approximately $3,860,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the statements of operations and changes in net assets as unrestricted or temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustees, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes Amounts required to meet current liabilities of the System are included in current assets

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

Supplies

The System states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Land improvements	20–30 years
Buildings and leasehold improvements	13–40 years
Equipment	3–25 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment and those associated with specific donor stipulations regarding expenditure are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the straight-line method

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose

Net Patient Service Revenue

The System has agreements with third-party payers that provide for payments to the System at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

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

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional pledges are recorded when received.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Professional Liability Claims

The System recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 5*.

Estimated Amounts Due to/from Third-party Payers

The System records amounts due to or from third-party payers as those amounts become estimable. These estimated amounts include settlements of current year cost reports as well as outstanding cost report and billing settlements and retroactive adjustments from prior periods.

Self-funded Health Insurance

The System maintains a self-insured health care plan (Plan) covering substantially all full-time employees. Premiums are paid by the System and its employees to a third-party administrator. Excess costs incurred for claims are funded by the System. Contributions are made to the administrator of the Plan as health care claims are incurred. A liability is accrued for claims reported and approved for payment and an estimate of claims incurred but not reported. Total claims paid for the years ended March 31, 2013 and 2012, were $4,729,040 and $3,493,349, respectively. As of March 31, 2013 and 2012, $653,167 and $408,534, respectively, were included in accrued expenses.

Income Taxes

The System, Medical Center, Foundation and Services have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. As such, they are required to file IRS Form 990 on an annual basis. They are no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010. The System is subject to federal income tax on any unrelated business taxable income.

Excess of Revenues over Expenses

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other-than-trading securities and contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purpose of acquiring such assets).

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare & Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the Medicare administrative contractor.

Events could occur that would cause the final amounts to differ materially from the initial payments under the program

The System recognizes revenue under this program based on a contingency model As such, revenue is recognized in the period in which the last remaining contingency is resolved

Due to resolution of all significant contingencies in 2013, the System has recorded revenue of approximately $1 75 million in 2013, which is included in other revenue within operating revenues in the statement of operations

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation These reclassifications had no effect on the change in net assets

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were issued

Note 2: Net Patient Service Revenue

The System recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided Thus, the System records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue

The System has agreements with third-party payers that provide for payments to the System at amounts different from its established rates These payment arrangements include

Medicare—Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge, procedure and visit These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Certain outpatient services are paid based on fee schedules The System is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare administrative contractor

Medicaid—Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to certain cost limitations. Outpatient services rendered to Medicaid beneficiaries are paid based on a fee schedule. The System is reimbursed for inpatient services at tentative rates with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid administrative contractor.

In addition, the System receives supplemental Medicaid funds under the Arkansas Medicaid program's Upper Payment Limit (UPL) provisions. The System is considered a "private hospital" under the UPL provisions and receives UPL payments based on a pro rata share of a statewide pool based on Medicaid discharges. Funds received under the UPL provisions were approximately $418,000 and $420,000 in 2013 and 2012, respectively.

In December 2009, the Secretary of the U.S. Department of Health and Human Services approved the inpatient and outpatient sections of an amendment to the Arkansas State Medicaid Plan, which established a provider assessment program retroactive to July 1, 2009. This program, as initially enacted, assessed a fee of no more than 1% on the net patient service revenue of private hospitals and allocates the proceeds to supplement Medicaid payments.

In February 2011, the program was amended to allow the assessed fee to be no more than 5.5% of net patient service revenue. The federal government matches the assessment amount at a rate of approximately 3 to 1, and these amounts are allocated to private hospitals in Arkansas based on each hospital's share of the total of these hospitals' Medicaid discharges and outpatient Medicaid payments. Based on its status as a private hospital, the System participates in this program and records the assessed fees and the supplemental payments as expenses and revenues in the period incurred or earned, respectively. Amounts recorded under the program are as follows:

	2013	2012
Fees assessed	$ 880,000	$ 790,000
Supplemental payments	3,690,000	3,440,000
Current asset	940,000	870,000

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended March 31, 2013 and 2012, for these major payer sources, is as follows

	2013	2012
Medicare	$ 31,081,926	$ 28,758,667
Medicaid	10,390,668	9,970,893
Other third-party payers	34,736,155	27,493,214
Patients	13,835,435	11,446,283
Total	$ 90,044,184	$ 77,669,057

Note 3: Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of receivables from patients and third-party payers at March 31, 2013 and 2012, is as follows

	2013	2012
Medicare	26%	30%
Medicaid	7	4
Other third-party payers	32	31
Patients	35	35
	100%	100%

North Arkansas Medical System

Notes to Consolidated Financial Statements

March 31, 2013 and 2012

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use include

	2013	2012
Internally designated for capital improvements		
Cash and cash equivalents	$ 870,837	$ 766,031
Certificates of deposit	442,169	442,169
Mutual funds	1,725,504	1,658,587
U S Treasury obligations	3,814,056	3,565,709
Exchange traded funds	925,831	887,750
Corporate obligations	8,373,011	7,209,161
Corporate equities	4,934,264	4,658,520
Mortgage-backed securities	4,757,944	4,221,858
Real estate investment trusts	-	35,986
Interest receivable	174,804	151,713
	26,018,420	23,597,484
Externally restricted by donors		
Cash and cash equivalents	81,634	162,042
Pledges receivable	121,361	177,773
	202,995	339,815
Held by trustee under indenture agreements		
Cash and cash equivalents	5,396,048	2,418,603
Certificates of deposit	-	1,754,009
	5,396,048	4,172,612
Held by trustee under escrow agreement		
Certificates of deposit	-	1,311,689
Held by trustee for workers' compensation		
Certificates of deposit	200,000	200,000
Total investments	$ 31,817,463	$ 29,621,600

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	$ 898,629	$ 816,251
Realized and unrealized gains on other-than-trading securities	396,034	240,932
	$ 1,294,663	$ 1,057,183

Total investment return is reflected in the statements of operations and changes in net assets as follows

	2013	2012
Unrestricted net assets		
Other nonoperating income	$ 802,817	$ 1,020,386
Change in unrealized gains and losses on other-than-trading securities	491,645	38,959
Temporarily restricted net assets	201	(2,162)
	$ 1,294,663	$ 1,057,183

Certain investments in debt and marketable equity securities are reported in the financial statements at an amount less than their historical cost Total fair value of these investments at March 31, 2013 and 2012, was $8,088,566 and $5,133,699, respectively, which is approximately 25% and 17%, respectively, of the System's investment portfolio These declines primarily resulted from failure of certain investments to maintain consistent credit quality ratings or meet projected earnings targets, as well as changes in interest rates and the general market decline caused by the economic recession

Management believes the declines in fair value for these securities are temporary The System expects the temporarily impaired debt securities to recover as they near maturity The System's investment in marketable equity securities consists of mutual funds and common stocks in companies from a diverse range of industries Based on the System's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the System does not consider those investments to be other-than-temporarily impaired at March 31, 2013

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified. At March 31, 2013, the System recognized approximately $154,000 of other-than-temporary impairment losses, which are included in other income on the statement of operations.

The following table shows the System's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2013 and 2012.

March 31, 2013

Description of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
Debt securities	$ 5,157,129	$ 66,768	$ 2,539,693	$ 132,988	$ 7,696,822	$ 199,756
Equity securities	254,555	24,660	137,189	20,710	391,744	45,370
Total temporarily impaired securities	$ 5,411,684	$ 91,428	$ 2,676,882	$ 153,698	$ 8,088,566	$ 245,126

March 31, 2012

Description of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
Debt securities	$ 1,439,100	$ 13,041	$ 2,783,473	$ 76,950	$ 4,222,573	$ 89,991
Equity securities	800,306	163,512	110,820	2,168	911,126	165,680
Total temporarily impaired securities	$ 2,239,406	$ 176,553	$ 2,894,293	$ 79,118	$ 5,133,699	$ 255,671

Other-than-temporary Impairment

The System reviews underwater debt and equity securities on a quarterly basis to determine if any of the impairments are other than temporary. The System's analysis includes consideration of the duration and extent of the impairment as well as the underlying fundamentals of the investments. Based on this analysis, the System identified one mutual fund with a basis of $625,000 whose $154,000 impairment was other than temporary. The mutual fund invests primarily in government debt and had been in an underwater position for over 12 months and was impaired by more than 20%.

Note 5: Professional Liability Claims

The System purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. The System also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon the System's claims experience, an accrual had been made for the System's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately $96,000 as of March 31, 2013 and 2012. It is reasonably possible that this estimate could change materially in the near term.

Note 6: Property and Equipment

At March 31, 2013 and 2012, property and equipment consisted of the following:

	2013	2012
Land and improvements	$ 1,676,357	$ 1,659,215
Buildings and leasehold improvements	49,911,998	50,564,467
Equipment	46,821,591	46,476,925
	98,409,946	98,700,607
Less accumulated depreciation and amortization	55,451,960	52,958,196
	42,957,986	45,742,411
Construction in progress	1,721,092	171,266
Net property and equipment	$ 44,679,078	$ 45,913,677

Note 7: Long-term Debt

	2013	2012
Revenue bonds (A)	$ 9,625,000	$ 9,965,000
Revenue bonds (B)	4,500,000	5,075,000
Construction bonds (C)	4,700,000	14,490,000
Revenue bonds (D)	9,940,000	-
Installment notes payable (E)	1,740,476	3,147,289
Capital lease obligations (F)	-	19,462
	30,505,476	32,696,751
Less current maturities	2,314,948	2,341,545
Less bond discount	85,203	-
	$ 28,105,325	$ 30,355,206

(A) Revenue bonds (the 2011 Refunding Bonds) consist of Hospital Revenue Refunding Bonds in the original amount of $9,965,000 dated December 1, 2011, which bear interest at 2.00% to 4.25%. The 2011 Refunding Bonds are payable in annual installments through May 1, 2025. The System is required to make monthly deposits to the debt service fund of approximately $77,000.

Boone County, Arkansas (the County), issued the 2011 Refunding Bonds on behalf of the System. The 2011 Refunding Bonds are secured by the net revenues of the System and the assets restricted under the bond indenture agreement. The 2011 Refunding Bonds have not been guaranteed by the County.

The indenture agreement requires that certain funds be established with the trustee. Accordingly, these funds are included in assets limited as to use held by trustee in the financial statements. The indenture agreement also requires the System to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.2 to 1.0 and restrictions on incurrence of additional debt.

(B) Revenue bonds (the 2010 Refunding Bonds) consist of Hospital Revenue Refunding Bonds in the original amount of $5,335,000 dated November 1, 2010, which bear interest at 2.00% to 3.90%. The 2010 Refunding Bonds are payable in annual installments through May 1, 2019. The System is required to make monthly deposits to the debt service fund of approximately $60,000.

Boone County, Arkansas, issued the 2010 Refunding Bonds on behalf of the System. The 2010 Refunding Bonds are secured by the net revenues of the System and the assets restricted under the bond indenture agreement. The 2010 Refunding Bonds have not been guaranteed by the County.

Certain indenture requirements of the 2010 Refunding Bonds are shared with the 2011 Refunding Bonds See discussion of these requirements in *(A)*

(C) The construction bonds (Construction Bonds) consist of tax-exempt Boone County, Arkansas, Variable Rate Hospital Revenue Bonds in the original amount of $25,000,000 dated March 16, 2006, which bear interest at a seven-day variable rate as determined by a remarketing agent The interest rate determination method may be converted from time to time to a flexible rate for a period of not less than one day and no more than 270 days as determined by the remarketing agent, resulting in the lowest overall interest expense on the Construction Bonds The Construction Bonds are also subject to a one-time conversion option to a fixed rate The Construction Bonds are payable in annual installments through May 1, 2037 The System is required to maintain certain funds with the trustee and make monthly deposits into a debt service fund The amount required to be paid monthly varies with the interest rate and is approximately $10,000

The indenture agreement also requires the System to comply with certain restrictive covenants, including minimum insurance coverage, limitations on additional debt, limitations on capital expenditures, maintaining a minimum aggregate annual debt service coverage ratio of at least 1 25 to 1 00 and maintaining liquid assets at all times in an amount sufficient to pay the daily operating expenses less noncash expenses of the System for a period of 90 days

Boone County, Arkansas, issued the Construction Bonds on behalf of the System The Construction Bonds are secured by the net revenues of the System, and the assets restricted under the bond indenture agreement The Construction Bonds have not been guaranteed by the County

The Construction Bonds can be redeemed at the discretion of the System, in whole or in part at any time at a redemption price equal to the principal thereof, plus any accrued interest

The holder of any weekly rate bond may elect to tender such Construction Bonds for purchase at a purchase price equal to the principal amount thereof, plus accrued and unpaid interest thereon to, but not including, the purchase date, on any business day subject to certain timing limitations In order to secure its obligations under the indenture agreement, the System has obtained an Irrevocable Direct Pay Letter of Credit (Letter), which expires April 16, 2016 The Letter consists of an original principal amount of $14,587,262, which may be drawn upon with respect to payment of any unremarketed principal amount of the purchase price of the bonds Draws on the Letter must be repaid within the earlier of the expiration of the Letter or 366 days As of March 31, 2013 and 2012, no amounts were drawn on the Letter The Letter's principal amount was reduced by $9,790,000 in conjunction with the refunding discussed in (*D*) below

Amounts maturing in 2013 through 2024 and $579,600 of the 2025 maturity were refunded on December 1, 2011, with proceeds from the 2011 Refunding Bonds (see *(A)* above) Amounts maturing in 2025 through 2033 and $965,000 of the 2034 maturity were refunded on March 1, 2013, with proceeds from the 2013 Refunding Bonds (see *(D)* below)

(D) Revenue bonds (the 2013 Refunding Bonds) consist of Hospital Revenue Refunding Bonds in the original amount of $9,940,000 dated March 1, 2013, which bear interest at 3.00% to 4.50%. The 2013 Refunding Bonds are payable in annual installments through May 1, 2033. The System is required to make monthly deposits to the debt service fund of approximately $18,000.

Boone County, Arkansas, issued the 2013 Refunding Bonds on behalf of the System. The 2013 Refunding Bonds are secured by the net revenues of the System and the assets restricted under the bond indenture agreement. The 2013 Refunding Bonds have not been guaranteed by the County.

Certain indenture requirements of the 2013 Refunding Bonds are shared with the 2011 Refunding Bonds. See discussion of these requirements in *(A)*.

(E) Due at varying maturities from April 25, 2010 through December 20, 2014, to Banc of America Leasing & Capital, LLC, payable in monthly payments of approximately $200,000, including interest of between 2.20% and 4.37%. The proceeds were utilized for the purchase of certain specified capital equipment that is required to serve as collateral.

(F) Capital lease obligations, which bore interest at an imputed rate of approximately 5.00%, were due through January 2013 and were collateralized by leased equipment. At March 31, 2012, leased equipment had a book value of $38,923 and accumulated depreciation recorded in the amount of $6,024.

Aggregate annual maturities and sinking fund requirements of long-term debt as scheduled under debt agreements as of March 31, 2013, are:

2014	$ 2,314,948
2015	1,905,528
2016	1,280,000
2017	1,315,000
2018	1,350,000
Thereafter	22,340,000
	30,505,476
Less current maturities	2,314,948
Less bond discount	85,203
	$ 28,105,325

The System has a $1,000,000 revolving bank line of credit, with a bank whose officers include two System board members, including interest at 6.5%, expiring April 5, 2013. As of March 31, 2013 and 2012, no amounts were outstanding against this line of credit, which is unsecured.

Note 8: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2013	2012
Capital campaign	$ 195,976	$ 332,777
Other	7,019	7,038
	$ 202,995	$ 339,815

Note 9: Charity Care

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs Such programs pay providers amounts that are less than established charges for the services provided to the recipients, and many times the payments are less than the cost of rendering the services provided Uncompensated charges relating to these services were $4,399,520 and $4,977,731 for the years ended March 31, 2013 and 2012, respectively

Management estimates that the cost relating to these services was approximately $1,461,000 and $1,441,000 for the years ended March 31, 2013 and 2012, respectively, using a Medicare-based reasonable cost methodology

In addition to uncompensated charges, the Medical Center also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable Such programs include health screening and assessments, prenatal education and care, hospice programs, community educational services and various support groups

North Arkansas Medical System

Notes to Consolidated Financial Statements

March 31, 2013 and 2012

Note 10: Functional Expenses

The System provides general health care services to residents within its geographic area. Expenses related to providing these services are as follows:

	2013	2012
Health care services	$ 53,533,532	$ 44,573,449
General and administrative	20,292,365	19,377,266
	$ 73,825,897	$ 63,950,715

Note 11: Operating Leases

The System leases equipment and facilities under operating leases that expire in various years. Total rent and lease expense was $633,552 and $432,860 for the years ended March 31, 2013 and 2012, respectively.

Note 12: Service Contract

During 2010, the System entered into a five-year noncancelable contract for maintenance and service of medical equipment. The penalty for failing to perform under the contract is 50% of the normal fixed charges due under the remaining term of the contract. Expected payments under the contract at March 31, 2013, were:

2014	$ 442,948
2015	73,825
	$ 516,773

Note 13: Pension Plan

The System has a defined-contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the System's contribution to the plan. Pension expense was approximately $739,000 and $646,000 for the years ended March 31, 2013 and 2012, respectively.

Note 14: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs There is a hierarchy of three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

North Arkansas Medical System

Notes to Consolidated Financial Statements

March 31, 2013 and 2012

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2013 and 2012

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2013				
Mutual funds	$ 1,725,504	$ 1,725,504	$ -	$ -
Money market mutual funds (included in cash equivalents)	3,808,721	3,808,721	-	-
U.S. Treasury obligations	3,814,056	3,814,056	-	-
Corporate obligations	8,373,011	8,373,011	-	-
Corporate equities	4,934,264	4,934,264	-	-
Mortgage-backed securities	4,757,944	-	4,757,944	-
Exchange-traded funds	925,831	925,831	-	-
Total	$ 28,339,331	$ 23,581,387	$ 4,757,944	$ 0
March 31, 2012				
Mutual funds	$ 1,658,587	$ 1,658,587	$ -	$ -
Money market mutual funds (included in cash equivalents)	2,415,106	2,415,106	-	-
U.S. Treasury obligations	3,565,709	3,565,709	-	-
Corporate obligations	7,209,161	7,209,161	-	-
Corporate equities	4,658,520	4,658,520	-	-
Mortgage-backed securities	4,221,858	-	4,221,858	-
Exchange-traded funds	887,750	887,750	-	-
Real estate investment trusts	35,986	35,986	-	-
Total	$ 24,652,677	$ 20,430,819	$ 4,221,858	$ 0

	2013	2012
Financial instruments carried at fair value	$ 28,339,331	$ 24,652,677
Financial instruments not carried at fair value		
Certificates of deposit	642,169	2,396,178
Cash and cash equivalents	2,539,798	2,243,259
Pledges	121,361	177,773
Interest receivable	174,804	151,713
Total System investments	$ 31,817,463	$ 29,621,600

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended March 31, 2013.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, debt and equity mutual funds, corporate securities, corporate obligations, exchange-traded funds, real estate investment trusts and United States Treasury obligations. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include mortgage-backed securities. The System did not hold any Level 3 investments as of March 31, 2013 or 2012.

The System had no assets or liabilities measured at fair value on a nonrecurring basis at March 31, 2013 or 2012.

Fair Value of Financial Instruments

The following table presents estimated fair values of the System's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2013 and 2012

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2013				
Financial assets				
Cash and cash equivalents	$ 3,500,014	$ 3,500,014	$ -	$ -
Mutual Funds	1,725,504	1,725,504	-	-
Money market funds	3,808,721	3,808,721	-	-
U S Treasury obligations	3,814,056	3,814,056	-	-
Corporate obligations	8,373,011	8,373,011	-	-
Corporate equities	4,934,264	4,934,264	-	-
Mortgage-backed securities	4,757,944	-	4,757,944	-
Exchange-traded funds	925,831	925,831	-	-
Certificates of deposit	642,169	642,169	-	-
Pledges	121,361	-	121,361	-
Interest receivable	174,804	174,804	-	-
Financial liabilities				
Long-term debt	30,420,273	-	28,798,548	-
March 31, 2012				
Financial assets				
Cash and cash equivalents	$ 2,910,015	$ 2,910,015	$ -	$ -
Mutual Funds	1,658,587	1,658,587	-	-
Money market funds	2,415,106	2,415,106	-	-
U S Treasury obligations	3,565,709	3,565,709	-	-
Corporate obligations	7,209,161	7,209,161	-	-
Corporate equities	4,658,520	4,658,520	-	-
Mortgage-backed securities	4,221,858	-	4,221,858	-
Exchange-traded funds	887,750	887,750	-	-
Real estate investment trusts	35,986	35,986	-	-
Certificates of deposit	2,396,178	2,396,178	-	-
Pledges	177,773	-	177,773	-
Interest receivable	151,713	151,713	-	-
Financial liabilities				
Long-term debt	32,677,289	-	28,577,925	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value

Cash and Cash Equivalents, Certificates of Deposit and Interest Receivable

The carrying amount approximates fair value

Pledges Receivable

Fair value is estimated at the present value of the future payments expected to be received based on historical collection information The carrying amount approximates fair value

Long-term Debt

Fair value is estimated at the present value of the future payments expected to be made based on the borrowing rates currently available to the System for debt with similar terms and maturities

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Accrual for Self-funded Health Insurance

Estimates related to the accrual for self-funded health insurance are described in *Note 1*

Admitting Physicians

The System is served by two admitting physician groups whose patients comprise approximately 24% of the System's net patient service revenue

Professional Liability Claims

Estimates related to the accrual professional liability claims are described in *Notes 1* and *5*

Litigation

In the normal course of business, the System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the System's self-insurance program (discussed elsewhere in these notes) or by commercial insurance – for example, allegations regarding employment practices or performance of contracts. The System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. No such accrual has been made as of March 31, 2013 and 2012. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Investments

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, deposit and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheet.

Note 16: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. The legislation's mandate that employers with over 50 employees provide qualifying health insurance benefits was recently delayed until January 1, 2015. It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional. While the State of Arkansas recently enacted a form of Medicaid expansion through private insurance companies, how that will affect provider reimbursement is still unclear.

PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of PPACA cannot currently be estimated, it is possible it will have a negative impact on the System's net patient service revenue. In addition, it is possible the System will experience payment delays and other operational challenges during PPACA's implementation.

Supplementary Information

North Arkansas Medical System

Consolidating Schedule – Balance Sheet Information

March 31, 2013

Assets

	North Arkansas Regional Medical Center	North Arkansas Medical Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 917,031	$ 43,185	$ -	$ 960,216
Assets limited as to use – current	1,344,310	-	-	1,344,310
Patient accounts receivable, net	14,749,164	-	-	14,749,164
Estimated amounts due from third-party payers	1,366,386	-	-	1,366,386
Supplies	1,481,478	-	-	1,481,478
Prepaid expenses	419,276	-	-	419,276
Other receivables	1,438,745	-	(627,400)	811,345
Total current assets	21,716,390	43,185	(627,400)	21,132,175
Assets Limited as to Use				
Internally designated	25,737,155	281,265	-	26,018,420
Externally restricted by donors	-	202,995	-	202,995
Held by trustee – under indenture agreements	5,396,048	-	-	5,396,048
Held by trustee – workers' compensation	200,000	-	-	200,000
	31,333,203	484,260	0	31,817,463
Less amount required to meet current obligations	1,344,310	-	-	1,344,310
	29,988,893	484,260	0	30,473,153
Property and Equipment, Net	44,679,078	-	-	44,679,078
Other Assets	521,218	-	-	521,218
Total assets	$ 96,905,579	$ 527,445	$ (627,400)	$ 96,805,624

Liabilities and Net Assets

	North Arkansas Regional Medical Center	North Arkansas Medical Foundation	Eliminations	Consolidated
Current Liabilities				
Current maturities of long-term debt	$ 2,314,948	$ -	$ -	$ 2,314,948
Accounts payable	3,978,720	627,400	(627,400)	3,978,720
Estimated amounts due to third-party payers	1,862,281	-	-	1,862,281
Accrued expenses	4,349,834	-	-	4,349,834
Total current liabilities	12,505,783	627,400	(627,400)	12,505,783
Long-term Debt	28,105,325	-	-	28,105,325
Total liabilities	40,611,108	627,400	(627,400)	40,611,108
Net Assets (Deficit)				
Unrestricted	56,294,471	(302,950)	-	55,991,521
Temporarily restricted	-	202,995	-	202,995
Total net assets (deficit)	56,294,471	(99,955)	0	56,194,516
Total liabilities and net assets	$ 96,905,579	$ 527,445	$ (627,400)	$ 96,805,624

North Arkansas Medical System

Consolidating Schedule – Statement of Operations Information

Year Ended March 31, 2013

	North Arkansas Regional Medical Center	North Arkansas Medical Foundation	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support				
Patient service revenue (net of contractual allowances and discounts)	$ 90,044,184	$ -	$ -	$ 90,044,184
Provision for uncollectible accounts	(16,126,770)	-	-	(16,126,770)
Net patient service revenue	73,917,414	-	-	73,917,414
Other	2,366,278	-	-	2,366,278
Net assets released from restriction used for operations	-	1,900	-	1,900
Total unrestricted revenues, gains and other support	76,283,692	1,900	0	76,285,592
Expenses and Losses				
Salaries and wages	29,860,326	56,561	-	29,916,887
Employee benefits	7,680,934	14,445	-	7,695,379
Professional fees	4,381,512	-	-	4,381,512
Supplies and other	25,535,156	86,862	-	25,622,018
Depreciation and amortization	4,552,946	-	-	4,552,946
Interest	777,925	-	-	777,925
Provider assessment tax	879,230	-	-	879,230
Total expenses and losses	73,668,029	157,868	0	73,825,897
Operating Income	2,615,663	(155,968)	0	2,459,695
Other Income (Expense)				
Investment return	802,415	402	-	802,817
Loss on extinguishment of debt	(93,640)	-	-	(93,640)
Contribution revenue	87,542	125,875	-	213,417
Total other income	796,317	126,277	0	922,594
Excess of Revenues over Expenses	3,411,980	(29,691)	0	3,382,289
Investment return – change in unrealized gains and losses on other-than-trading securities	491,645	-	-	491,645
Contributions received for property acquisition	382,125	-	(382,125)	-
Transfers to the Medical Center	-	(382,125)	382,125	-
Net assets released from restriction for property acquisition	-	382,125	-	382,125
Increase in Unrestricted Net Assets	$ 4,285,750	$ (29,691)	$ 0	$ 4,256,059

North Arkansas Medical System

Consolidating Schedule – Statement of Changes in Net Assets Information

Year Ended March 31, 2013

	North Arkansas Regional Medical Center	North Arkansas Medical Foundation	Eliminations	Consolidated
Unrestricted Net Assets				
Excess of revenues over expenses	$ 3,411,980	$ (29,691)	$ -	$ 3,382,289
Investment return – change in unrealized gains and losses and losses on other-than-trading securities	491,645	-	-	491,645
Contributions received for property acquisition	382,125	-	(382,125)	-
Transfers to the Medical Center	-	(382,125)	382,125	-
Change in beneficial interest in North Arkansas property acquisition	-	382,125	-	382,125
Increase in unrestricted net assets	4,285,750	(29,691)	0	4,256,059
Temporarily Restricted Net Assets				
Contributions revenue	-	247,004	-	247,004
Investment return	-	201	-	201
Net assets released from restriction	-	(384,025)	-	(384,025)
Decrease in temporarily restricted net assets	0	(136,820)	0	(136,820)
Change in Net Assets	4,285,750	(166,511)	0	4,119,239
Net Assets, Beginning of Year	52,008,721	66,556	-	52,075,277
Net Assets (Deficit), End of Year	$ 56,294,471	$ (99,955)	$ 0	$ 56,194,516