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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

TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ 353,393,108 including grants of \$ 628,195) (Revenue \$ 405,737,904)

GASTON MEMORIAL HOSPITAL PROVIDES INPATIENT, OUTPATIENT, EMERGENCY, SURGICAL, WELLNESS AND PREVENTIVE CARE SERVICES TO THE RESIDENTS OF GASTON COUNTY AND SURROUNDING AREAS AT ITS 435 BED ACUTE CARE FACILITY PLEASE SEE SCHEDULE O FOR A CONTINUATION OF OUR PROGRAM SERVICE ACCOMPLISHMENTS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 353,393,108

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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	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	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
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)

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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
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? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.		
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	14	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NC
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ 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	DAVID O'CONNOR 2525 COURT DRIVE GASTONIA, NC (704) 834-2000

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

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

- List 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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	4,831,345	387,998	876,273

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 134

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
DUNNSOUTHEAST INC DBA JE DUNN CONSTRUCT 6101 CARNEGIE BLVD STE 400 CHARLOTTE NC 28209	CONSTRUCTION	5,165,645
ARAMARK HEALTHCARE 1101 MARKET STREET PHILADELPHIA PA 19107	BIOMED SERVICES	2,499,471
SHARED (SIEMENS) MEDICAL SOLUTIONS 51 VALLEY STREAM PARKWAY MALVERN PA 19355	INFORMATION SYSTEMS	2,447,704
PHILIPS HEALTHCARE 3000 MINUTEMAN ROAD ANDOVER MA 01810	CLINICAL SERVICES AND PRODUCTS	2,106,542
MCKESSON HBOC MCKESSON INFO SOLUTIONS ONE POST STREET SAN FRANCISCO CA 94104	INFORMATION SYSTEMS	1,906,479

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 ►57

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	588,905			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	20,000			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		608,905			
Program Service Revenue	2a	PATIENT SERVICES REVENUE	Business Code 621500	404,193,517	404,193,517		
	b	PARTNERSHIP INCOME	541900	998,817	968,272	30,545	
	c	ANCILLARY REVENUE	621500	142,423	142,423		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		405,334,757			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		167,012		
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real (ii) Personal				
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)					
7a		Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
b		Less cost or other basis and sales expenses		76,820			
c		Gain or (loss)		-76,820			
d		Net gain or (loss)		-76,820			-76,820
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory		24,040			24,040
Miscellaneous Revenue		Business Code					
11a	PHARMACY REVENUE	621500	2,185,411			2,185,411	
b	CAFETERIA & VENDING INCOME	722210	2,103,952			2,103,952	
c	MEANINGFUL USE	621500	534,172			534,172	
d	All other revenue		1,402,000	433,692	505,826	462,482	
e	Total. Add lines 11a-11d		6,225,535				
12	Total revenue. See Instructions		412,283,429	405,737,904	536,371	5,400,249	

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.	600,195	600,195		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	28,000	28,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	3,400,058	680,012	2,720,046	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	53,496	53,496		
7	Other salaries and wages.	136,469,221	122,139,071	14,330,150	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	5,970,607	5,243,063	727,544	
9	Other employee benefits.	17,950,760	15,763,382	2,187,378	
10	Payroll taxes.	10,035,691	8,812,799	1,222,892	
11	Fees for services (non-employees):				
a	Management.	501,435	501,435		
b	Legal.	1,388,617		1,388,617	
c	Accounting.	135,974		135,974	
d	Lobbying.	105,279	105,279		
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	34,447,487	31,151,690	3,295,797	
12	Advertising and promotion.	374,163	78,164	295,999	
13	Office expenses.	2,238,113	1,291,482	946,631	
14	Information technology.	468,488	468,488		
15	Royalties.				
16	Occupancy.	8,806,450	8,806,450		
17	Travel.	159,118	136,803	22,315	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	717,655	333,335	384,320	
20	Interest.	8,874,005	8,874,005		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	23,638,342	23,638,342		
23	Insurance.	2,644,941	2,644,941		
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	MEDICAL SUPPLIES	73,135,035	73,135,035		
b	BAD DEBT	38,424,175	38,424,175		
c	EQUIPMENT	4,898,270	4,888,413	9,857	
d	NC MEDICAID ASSESSMENT	3,488,420	3,488,420		
e	All other expenses	2,240,262	2,106,633	133,629	
25	Total functional expenses. Add lines 1 through 24e.	381,194,257	353,393,108	27,801,149	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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		-4,752	1	27,684
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		45,721,542	4	44,345,810
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		6,266,707	8	6,668,612
	9	Prepaid expenses and deferred charges		9,982,612	9	9,382,675
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	454,491,258		
	b	Less accumulated depreciation	10b	255,920,686	203,517,164	10c 198,570,572
	11	Investments—publicly traded securities		8,152	11	9,490
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		439,199	13	472,338
	14	Intangible assets		2,311,646	14	2,311,646
	15	Other assets See Part IV, line 11		91,809,838	15	88,223,357
	16	Total assets. Add lines 1 through 15 (must equal line 34)		360,052,108	16	350,012,184
Liabilities	17	Accounts payable and accrued expenses		39,871,306	17	40,942,536
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		207,464,861	20	201,369,253
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		79,067,674	25	62,512,032
	26	Total liabilities. Add lines 17 through 25		326,403,841	26	304,823,821
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		33,640,118	27	45,178,875
	28	Temporarily restricted net assets		8,149	28	9,488
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		33,648,267	33	45,188,363
	34	Total liabilities and net assets/fund balances		360,052,108	34	350,012,184

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	412,283,429
2	Total expenses (must equal Part IX, column (A), line 25)	2	381,194,257
3	Revenue less expenses Subtract line 2 from line 1	3	31,089,172
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	33,648,267
5	Net unrealized gains (losses) on investments	5	524
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	26,637
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-19,576,237
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	45,188,363

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

Additional Data

Software ID:

Software Version:

EIN: 56-0619359

Name: GASTON MEMORIAL HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MR H SPURGEON MACKIE JR CHAIR	1 00 1 00	X		X				0	0	0
SHEILA S REILLY PHD VICE CHAIR	1 00 1 00	X		X				0	0	0
DR ROBERT D CROUCH SECRETARY THROUGH DECEMBER 2012	1 00 1 00	X		X				0	0	0
MR M VINCENT QUINN TREASURER	1 00 1 00	X		X				0	0	0
MR W BARRY SMITH DIRECTOR/SECRETARY AS OF JAN 2013	1 00 1 00	X		X				0	0	0
MR JAMES R BEAM DIRECTOR	1 00 1 00	X						0	0	0
MR JAMES W BAILEY DIRECTOR	1 00 1 00	X						0	0	0
MR RICHARD K CRAIG DIRECTOR THROUGH DECEMBER 2012	1 00 1 00	X						0	0	0
MRS MARY FRANCES FORRESTER DIRECTOR	1 00 1 00	X						0	0	0
KELVIN C HARRIS MD DIRECTOR THROUGH DECEMBER 2012	1 00 41 00	X						0	310,185	20,271
DR CHARLES MEAKIN III DIRECTOR AS OF JANUARY 2013	1 00 1 00	X						0	0	0
SUSIE BROWN DIRECTOR	1 00 1 00	X						0	0	0
MR MICKEY PRICE DIRECTOR THROUGH DECEMBER 2012	1 00 1 00	X						0	0	0
MR DAVID ALLEN SMITH DIRECTOR	1 00 1 00	X						0	0	0
MS ANNETTE CARTER DIRECTOR AS OF JANUARY 2013	1 00 41 00	X						0	77,813	9,268
MR DONNIE LOFTIS DIRECTOR AS OF JANUARY 2013	1 00 1 00	X						0	0	0
MR R JASON WILLIAMS DIRECTOR AS OF JANUARY 2013	1 00 1 00	X						0	0	0
DR RODNEY SMITH DIRECTOR/CHIEF-OF-STAFF 2013	1 00 1 00	X						0	0	0
DAVID O'CONNOR EVP/CFO/ASST TREASURER	40 00 10 00			X				483,333	0	93,652
MARIA LONG EVP CHIEF LEGAL OFFICER/ASST SECRETARY	40 00 10 00			X				383,962	0	47,836
DOUG LUCKETT EVP/COO THROUGH APRIL'13/INTERIM CEO	40 00 10 00			X				508,051	0	85,174
RANDALL L KELLEY CEO THROUGH APRIL 2013	40 00 10 00			X				832,695	0	166,291
JERRY LEVINE EVP/CHIEF MEDICAL OFFICER	40 00 10 00				X			575,604	0	107,622
KATHLEEN K BESSON VP CLINICAL OPERATIONS/EVP COO	40 00 10 00				X			299,398	0	65,871
W K HARWELL VP PATIENT CARE	40 00 10 00					X		340,043	0	43,689

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ANDREA K SERRA VP WELLNESS DEVELOPMENT	40 00 10 00					X		265,030	0	52,886
TODD DAVIS MD VP MEDICAL AFFAIRS	40 00 10 00					X		311,983	0	65,756
MICHAEL R JOHNSON VP CIO	40 00 10 00					X		300,706	0	64,468
ELIZABETH MCCRAW VP HUMAN RESOURCES	40 00 10 00					X		258,147	0	48,827
TERRY L JONES FORMER KEY EMPLOYEE	0 00						X	147,866	0	4,144
STEVEN A RUBIN FORMER KEY EMPLOYEE	0 00						X	124,527	0	518

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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 33¹/₃% 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 33¹/₃% 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?

(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?

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 IIISupport 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

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 GASTON MEMORIAL HOSPITAL INC	Employer identification number 56-0619359
--	--

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		105,279
j	Total. Add lines 1c through 1i.			105,279
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to 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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	ANNUAL DUES WERE PAID TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION, OF WHICH \$27,079 WAS DETERMINED TO BE EXPENDITURES USED IN LOBBYING ACTIVITIES BY THESE ORGANIZATIONS. AN ADDITIONAL \$78,200 IN LEGAL FEES WERE PAID FOR LOBBYING EXPENDITURES.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization GASTON MEMORIAL HOSPITAL INC	Employer identification number 56-0619359
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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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

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	8,149	6,999	6,513		
b Contributions	1,500	1,500			
c Net investment earnings, gains, and losses	962	221	966		
d Grants or scholarships					
e Other expenditures for facilities and programs	1,123	571			
f Administrative expenses			480		
g End of year balance	9,488	8,149	6,999		

2

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

a

Board designated or quasi-endowment ▶ 100 000 %

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ No

b

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

3b

☐

☐

4

Describe in Part 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		2,249,138		2,249,138
b Buildings		253,512,879	116,649,006	136,863,873
c Leasehold improvements		1,312,708	633,458	679,250
d Equipment		189,768,602	138,638,222	51,130,380
e Other		7,647,931		7,647,931
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				198,570,572

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	354,283,541
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	-57,999,888
a	Net unrealized gains on investments	2a	524
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-58,000,412
e	Add lines 2a through 2d	2e	-57,999,888
3	Subtract line 2e from line 1	3	412,283,429
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	0
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	412,283,429

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

1	Total expenses and losses per audited financial statements	1	342,770,082
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	0
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	342,770,082
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	4c	38,424,175
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	381,194,257

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT FUNDS ARE USED FOR ONCOLOGY MEDICATIONS FOR INDIGENT PATIENTS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE SYSTEM IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE CODE. THE SYSTEM HAS DETERMINED THAT IT DOES NOT HAVE ANY UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2013 AND 2012, RESPECTIVELY. FISCAL YEARS ENDING ON OR AFTER JUNE 30, 2010 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES.
PART XI, LINE 2D - OTHER ADJUSTMENTS		BAD DEBT -38,424,175. CHANGE IN VALUE OF INTEREST RATE SWAP -1,862,295. INTERCOMPANY TRANSFERS -17,713,942.
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBT 38,424,175.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

7

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)			11,014,398		11,014,398	3 210 %
b Medicaid (from Worksheet 3, column a)			60,372,884	50,936,501	9,436,383	2 750 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			71,387,282	50,936,501	20,450,781	5 960 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,489,128	7,750	1,481,378	0 430 %
f Health professions education (from Worksheet 5)			1,969,078		1,969,078	0 570 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			1,169,661	412,891	756,770	0 220 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,061,273		1,061,273	0 310 %
j Total Other Benefits			5,689,140	420,641	5,268,499	1 530 %
k Total. Add lines 7d and 7j			77,076,422	51,357,142	25,719,280	7 490 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development			761,369		761,369	0 220 %
9Other						
10Total			761,369		761,369	0 220 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

38,424,175

3Enter 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

3,459,509

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

122,738,518

6Enter Medicare allowable costs of care relating to payments on line 5.

6

115,886,914

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

6,851,604

8Describe 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

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

9a

Yes

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

9b

Yes

Part IVManagement 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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—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	GASTON MEMORIAL HOSPITAL INCORPORATED 2525 COURT DRIVE GASTONIA, NC 28054	X	X					X		4 DIAGNOSTIC IMAGING CENTERS AND 6 OP SERIVCE CENTER	

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)

GASTON MEMORIAL HOSPITAL INC

Name of hospital facility or facility reporting group

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 beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 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 <u>12</u> 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 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 5 Did the hospital facility make its CHNA report widely available to the public? 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 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)? b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? 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? \$_____	1	Yes	
	3	Yes	
	4		No
	5	Yes	
	7		No
	8a		No
	8b		

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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
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			
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?	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)

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?		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?		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?

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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
		PART I, LINE 3C REGARDLESS OF INCOME, ASSETS ARE ALSO USED TO DETERMINE IF A PATIENT QUALIFIES FOR CHARITY BELOW IS THE VERBIAGE FROM THIS POLICY EXEMPT ASSETSTHE PRIMARY RESIDENCE ON UP TO (1) ACRE OF LAND, ONE AUTOMOBILE FOR EACH WORKING AGED ADULT, AND OTHER ASSETS, INCLUDING BUT NOT LIMITED TO, RETIREMENT FUNDS, INVESTMENTS AND OTHER FINANCIAL ASSETS, CASH VALUE OF LIFE INSURANCE POLICIES, AND EQUITY IN PROPERTY OR REAL ASSETS, TOTALING UP TO \$25,000 ARE EXEMPT FROM CONSIDERATION AS ASSETS IN DETERMINING CHARITY CARE ELIGIBILITY ANNUAL INCOME FROM PROPERTY OF REAL ASSETS WILL BE DEDUCTED FROM THE AMOUNT OF EQUITY IN THE ASSET WHEN CALCULATING THE EXEMPTION
		PART I, LINE 7 THE COSTING METHODOLOGY USED IS A COST ACCOUNTING SYSTEM ALL PATIENT SEGMENTS ARE INCLUDED THIS SYSTEM ASSIGNS DIRECT COSTS TO SUPPLIES, PROCEDURES, ROUTINE AND SPECIALTY ROOM RATES BASED ON THE DEPARTMENT OF ORIGATION FIXED COSTS ARE ALLOCATED BASED ON STATISTICAL BASIS THESE COSTS ARE THEN AGGREGATED AT THE PATIENT LEVEL AND TABULATED BY PAYOR TYPE NO COST TO CHARGE RATIOS WERE USED IN THE CALCULATIONS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) 38,424,175 BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSES PRIOR TO CALCULATING PERCENT OF TOTAL EXPENSE
		PART I, LINE 6A THE ORGANIZATION COMMUNITY BENEFIT REPORT MADE AVAILABLE TO THE PUBLIC CONTAINS COMMUNITY BENEFITS FOR ALL RELATED ORGANIZATIONS TO THE HOSPITAL

Identifier	ReturnReference	Explanation
RESEARCH ACTIVITIES	PART I, LINE H	CAROMONT HEALTH IS INVOLVED IN APPROXIMATELY 75 RESEARCH STUDIES, APPROXIMATELY FORTY PERCENT OF WHICH ARE CLINICAL TRIALS COOPERATIVE GROUP PROGRAM STUDIES SPONSORED BY THE NATIONAL CANCER INSTITUTE (NCI) CAROMONT HEALTH ALSO PARTICIPATES IN DRUG AND DEVICE STUDIES SPONSORED BY VARIOUS PHARMACEUTICAL, BIOTECHNOLOGY, AND DEVICE COMPANIES, AS WELL AS UNFUNDED NURSING AND PHARMACY RESEARCH STUDIES
		PART II WORKFORCE DEVELOPMENT - CAROMONT HEALTH'S RECRUITMENT OF PHYSICIANS INTO THE FIVE COUNTIES THE SYSTEM SERVES IS DRIVEN BY THE CHANGING LANDSCAPE OF HEALTHCARE REFORM THE SYSTEM RECRUITS BASED ON A MEDICAL STAFF DEVELOPMENT PLAN THAT IDENTIFIES COMMUNITY HEALTH CARE NEEDS FOR THE NEXT FIVE YEARS THE SYSTEM'S GOAL IS TO BE PRO-ACTIVE AND ANTICIPATORY SO THAT THE HEALTHCARE NEEDS OF THE COMMUNITY ARE MET IN A QUALITY DRIVEN AND CONVENIENT MANNER

Identifier	ReturnReference	Explanation
		PART III, LINE 4 TOTAL CHARGES AND THE CHARGES WRITTEN OFF TO BAD DEBT WERE TABULATED AT THE PATIENT LEVEL AND ARE REPORTED AT THE AMOUNT CHARGED TO PATIENTS ACCOUNTS ARE RESERVED AS BAD DEBT BASED ON AN ACCOUNTS RECEIVABLE AGING METHODOLOGY WHEN ACCOUNTS ARE SENT TO A COLLECTION AGENCY, THEY ARE WRITTEN OFF THE ACCOUNTS RECEIVABLE SYSTEM ANY SUBSEQUENT COLLECTIONS ON THE ACCOUNTS ARE POSTED AS RECOVERIES AND REDUCE THE EXPENSE ALL UNINSURED PATIENTS RECEIVE A DISCOUNT ON THEIR BILL, WHICH IS RECORDED AS A CONTRACTUAL ADJUSTMENT THE AMOUNT OF THE UNINSURED DISCOUNTS ARE EXCLUDED FROM BAD DEBT EXPENSE CHARGES FOR SERVICES PROVIDED IN THE ED ARE EVALUATED FOR CHARITY BASED ON MEANS TESTING CHARGES FOR SERVICES PROVIDED ELSEWHERE IN THE HOSPITAL ARE EVALUATED FOR CHARITY BASED ON MEANS TESTING AND/OR APPLICATIONS FILED BY THE PATIENTS IF NO MEANS TESTING IS DONE AND NO APPLICATION IS FILED, THE UNPAID AMOUNT IS WRITTEN-OFF TO BAD DEBT THE % OF PATIENTS QUALIFYING FOR CHARITY IN THE EMERGENCY DEPARTMENT WAS APPLIED TO THE REMAINDER OF THE HOSPITAL TO DETERMINE THE % OF BAD DEBT PATIENTS WHO COULD HAVE BEEN CHARITY THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE ON BAD DEBT EXPENSE BAD DEBT EXPENSE IS REPORTED AS A DEDUCTION FROM PATIENT REVENUE
		PART III, LINE 8 THE MEDICARE COST REPORT STANDARD COSTING METHODOLOGY WAS FOLLOWED WHEN FILING THE COST REPORT THIS IS A STEP DOWN METHODOLOGY THAT APPLIES THE AVERAGE PATIENT COST TO MEDICARE PATIENTS THE COST REPORT ALSO DOES NOT ALLOW HOSPITALS TO REPORT ALL OPERATING COSTS BECAUSE OF THESE TWO ISSUES, THE MEDICARE COST REPORT METHODOLOGY UNDERSTATES THE TRUE COST OF TREATING MEDICARE PATIENTS USING TOTAL COSTS FROM MEDICARE PATIENTS, THE HOSPITAL HAD AN ACTUAL MEDICARE SHORTFALL OF \$15.5 MILLION

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE POLICY CONTAINS PROVISIONS ON THE COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE BELOW IS VERBIAGE FROM THE CHARITY POLICY GASTON MEMORIAL HOSPITAL OFFERS MEDICAL SERVICES FREE OR AT A REDUCED RATE THROUGH THE CHARITY CARE PROGRAM DETERMINATION OF FULL OR PARTIAL CHARITY CARE WILL BE BASED ON THE PATIENT'S INCOME, FAMILY SIZE, AND ASSETS POTENTIAL ELIGIBILITY EXISTS ONLY AFTER REIMBURSEMENT EFFORTS FROM ALL OTHER THIRD PARTY RESOURCES, FEDERAL, STATE, AND LOCAL ASSISTANCE PROGRAMS HAVE BEEN EXHAUSTED
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 3 GASTON COUNTY COMMUNITY HEALTH ASSESSMENT WAS CONDUCTED BY THE FOLLOWING PARTNERS THE GASTON COUNTY HEALTH DEPT, GASTON TOGETHER, UNITED WAY OF GASTON COUNTY, AND CAROMONT HEALTH DATA IN THIS ASSESSMENT IS DERIVED FROM THREE SOURCES 1) GASTON COUNTY HEALTH DATA, 2) COUNTY HEALTH RANKINGS, 3) GASTON COUNTY QUALITY OF LIFE SURVEY, 2012 THE QUALITY OF LIFE SURVEY WAS CONDUCTED TO ASSESS THE OPINIONS OF GASTON COUNTY RESIDENTS REGARDING THEIR PERSONAL HEALTH TO GET A COMPREHENSIVE PICTURE OF THESE OPINIONS, FOUR DIVERSE GROUPS WERE SURVEYED COMMUNITY LEADERS, COMMUNITY RESIDENTS, HIGH SCHOOL STUDENTS, AND PERSONS LIVING IN LOW-INCOME AREAS THROUGHOUT THE COUNTY

Identifier	ReturnReference	Explanation
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 5C 1) HOSPITAL'S FACEBOOK PAGE 2) PRESENTED FINDINGS TO COMMUNITY AT VARIOUS MEETINGS AT HOSPITAL IN JUNE, 2013 3) COPY IN GASTON COUNTY LIBRARY - HAD ADS PROMOTING THIS 4) DEPT OF HEALTH'S WEBSITE
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 6I MANY COMMUNITY ORGANIZATIONS INCLUDING GASTON COUNTY BOARD OF HEALTH AND CAROMONT HEALTH HAVE COMMITTED TO REDUCE THE INCIDENCE OF OBESITY IN GASTON COUNTY, TO PREVENT AND REDUCE THE INCIDENCE OF TOBACCO USE AND TO DEVELOP, IMPLEMENT, AND ADVOCATE FOR THE INTEGRATION OF BEHAVIORAL HEALTH RESOURCES INTO THESE INITIATIVES THE EXISTING GASTON COMMUNITY HEALTHCARE COMMISSION STRUCTURE WILL BE THE VEHICLE FOR THIS WORK AND IS COMPOSED OF THE FOLLOWING 5 RESOURCE TEAMS 1) HEALTHY BEHAVIORS, 2) PUBLIC POLICY AND ENVIRONMENT, 3) CLINICAL CARE, 4) MENTAL AND EMOTIONAL HEALTH, 5) MARKETING A PILOT SITE, BETHLEHEM CHURCH, WEST CAMPUS, HAS BEEN IDENTIFIED REPRESENTATIVES OF THE PILOT SITE AND THE RESOURCES TEAMS HAVE BEGUN COLLABORATING ON HEALTH INITIATIVES FOR THIS PILOT SITE

Identifier	ReturnReference	Explanation
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 7 THE NEEDS IDENTIFIED AND NOT ADDRESSED IN THIS WORK ARE A) PREVENT ALCOHOL AND SUBSTANCE ABUSE, B) REDUCING TEEN PREGNANCY PARTNERS HEALTH CARE IS A LOCAL PUBLIC AUTHORITY THAT MANAGES MENTAL HEALTH IN GASTON COUNTY AND GASTON COUNTY WORKS WITH THE ADOLOSCENT PREGNANCY PREVENTION CAMPAIGN OF NC THESE NEEDS ARE BEING ADDRESSED BY THOSE GROUPS
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 12H TOTAL CHARGES ARE THE SAME FOR ALL PATIENT AMOUNT DUE IS ZERO OR A TIERED DISCOUNT FOR CHARITY ELIGIBLE PATIENTS BASED ON WHAT WAS CHECKED

Identifier	ReturnReference	Explanation
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 14G BROCHURES AT REGISTRATION SITES PROACTIVELY COMMUNICATING VERBALLY OR IN WRITING TO SCHEDULED PATIENTS PRIOR TO SERVICE COMMUNICATING IN-HOUSE, DURING SERVICE, OR AFTER
GASTON MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 16E COLLECTION ACTIONS ARE TAKEN AFTER REASONABLE EFFORTS HAVE BEEN MADE TO DETERMINE PATIENT'S ELIGIBILITY FOR ASSISTANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 CAROMONT HEALTH ESTABLISHES COMMUNITY PRIORITIES THROUGH A NUMBER OF MECHANISMS - LEADERSHIP OPINIONS ARE SOUGHT TO HELP IDENTIFY NEEDED SERVICES IN THE COMMUNITY TELEPHONE SURVEYS ARE CONDUCTED ON A PERIODIC BASIS TO GATHER OPINIONS FROM RESIDENTS IN THE SERVICE AREA, THE MOST RECENT STUDY WAS COMPLETED IN THE SPRING OF 2009 - PATIENT SATISFACTION DATA IS ANALYZED TO DETERMINE WHERE AND/OR HOW SERVICES NEED TO BE IMPROVED - SERVICE AREA DATA (VITAL STATISTICS, DEMOGRAPHICS AND UTILIZATION) ARE ANALYZED FOR TRENDS THIS INFORMATION IS COORDINATED WITH PUBLIC HEALTH DATA TO DETERMINE VOIDS AND SERVICE AREA HEALTH PROBLEMS - FINDINGS FROM COMMUNITY SURVEYS/REPORTS PUBLISHED BY OTHER ORGANIZATIONS (UNITED WAY, CHAMBER OF COMMERCE, PARTNERSHIP FOR CHILDREN, GASTON COUNTY, ETC) ARE GATHERED AND REVIEWED FOR PERTINENCE TO COMMUNITY HEALTH PROBLEMS - GASTON MEMORIAL HOSPITAL THROUGH THE GCHC IN CONJUNCTION WITH THE GASTON COUNTY HEALTH DEPARTMENT CONDUCTS A COMMUNITY ASSESSMENT EVERY THREE YEARS THE MOST RECENT STUDY CONCLUDED IN THE FALL OF 2012 AND WAS PUBLISHED IN JANUARY 2013 THIS ASSESSMENT GATHERS OPINIONS AND IS COMBINED WITH PUBLIC HEALTH DATA TO DETERMINE THE TOP FOUR COMMUNITY-WIDE HEALTH ISSUES SERVICE AREA STRENGTHS, WEAKNESSES AND OPPORTUNITIES ARE USED AS A BASIS FOR ESTABLISHING COMMUNITY PRIORITIES ALL THIS INFORMATION IS USED TO ESTABLISH ORGANIZATIONAL PRIORITIES, IDENTIFY AGENCIES AND ORGANIZATIONS TO BE INVOLVED IN RESOLVING COMMUNITY ISSUES, AND IMPLEMENT PROGRAMS TO RESOLVE IDENTIFIED ISSUES GOALS, OBJECTIVES AND STRATEGIES ARE ESTABLISHED AND THE PROGRESS IS EVALUATED ON AN ANNUAL BASIS - BOARD MEMBERS, SENIOR MANAGEMENT AND DEPARTMENT DIRECTORS ARE INVOLVED IN NUMEROUS ORGANIZATIONS THROUGH THIS NETWORK OF RELATIONSHIPS, FURTHER INFORMATION ABOUT THE COMMUNITY AND THE NEEDS OF AREA RESIDENTS AND ORGANIZATIONS ARE USED IN THE DEVELOPMENT OF PROGRAMS AND SERVICES AVAILABLE THOUGH CAROMONT HEALTH
		PART VI, LINE 3 THE ORGANIZATION INFORMS AND EDUCATES THE PATIENTS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE IN SEVERAL WAYS A CHARITY AND FINANCIAL SUMMARY IS ON OUR WEBSITE, BROCHURES ARE DISTRIBUTED IN THE EMERGENCY ROOM AND ALL OTHER REGISTRATION SITES SPECIFICALLY TRAINED STAFF (FINANCIAL COUNSELORS AND BENEFIT ELIGIBILITY SPECIALISTS) PROACTIVELY MAKE CONTACT WITH PATIENTS PRIOR TO, AT TIME OF SERVICE, AND/OR AFTER DISCHARGE TO DISCUSS ELIGIBILITY AND OFFER ASSISTANCE THE COMMUNICATION IS ATTEMPTED AS SOON AS POSSIBLE WRITTEN COMMUNICATION IS MADE PRIOR TO COLLECTION AGENCY PLACEMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GASTON COUNTY, LOCATED IN THE PIEDMONT REGION OF NORTH CAROLINA, IS THE ORGANIZATION'S PRIMARY MARKET LINCOLN, CLEVELAND AND YORK COUNTY, AS WELL AS THE NORTHWEST PORTION OF MECKLENBURG COUNTY, IS THE HOSPITAL'S SECONDARY MARKET THERE ARE NO OTHER ACUTE CARE HOSPITALS IN THE PRIMARY SERVICE AREA ACCORDING TO THE U S CENSUS BUREAU, GASTON COUNTY HAD AN ESTIMATED POPULATION OF 208,049 (2012), A MEDIAN HOUSEHOLD INCOME OF \$43,054 (2007-2011), AND 16 6% PERSONS BELOW POVERTY LEVEL (2007-2011) DURING FISCAL YEAR 2013, 8% OF THE HOSPITAL'S GROSS CHARGES WERE FROM UNINSURED PATIENTS AND 15 8% WAS FROM MEDICAID PATIENTS
		PART VI, LINE 5 ACCOUNTABLE CARE ORGANIZATIONTHE INSTITUTE FOR HEALTHCARE IMPROVEMENT HAS ESTABLISHED A TRIO OF OBJECTIVES CALLED THE TRIPLE AIM, WHICH CAROMONT HEALTH HAS ADOPTED 1 IMPROVE THE HEALTH OF THE POPULATION2 ENHANCE THE PATIENT EXPERIENCE (QUALITY, ACCESS, RELIABILITY)3 CONTROL COSTSTHESE THREE OBJECTIVES ARE ALL CRITICAL COMPONENTS IN BEING WHAT IS KNOWN IN THE INDUSTRY AS AN ACCOUNTABLE CARE ORGANIZATION (ACO) IN OUR STEPS TOWARD BECOMING AN ACO, CAROMONT HEALTH HAS EXECUTED CHANGES THAT HAVE LEAD, AND WILL CONTINUE TO LEAD, TO BETTER COORDINATED CARE WITH BETTER OUTCOMES AT LOWER COSTS FOR PATIENTS WE ALSO EMBRACE THE "MEDICAL HOME" CONCEPT, WHICH IS A NATIONAL INITIATIVE DESIGNED TO IMPROVE HEALTH CARE QUALITY MEDICAL HOMES ARE PATIENT CENTERED, TEAM-BASED APPROACHES TO CARE THAT HAVE BEEN SHOWN TO REDUCE HOSPITAL ADMISSIONS AND DECREASE COSTS COMMUNITY HEALTHOUR COMMUNITY HEALTH INITIATIVES ARE FOCUSED PRIMARILY ON DISEASE PREVENTION AND BETTER MANAGEMENT OF CHRONIC ILLNESSES THAT INCLUDES WORKING WITH LOCAL EMPLOYERS ON INNOVATIVE PROGRAMS AND COLLABORATING WITH OUR HEALTH CARE NEIGHBORS, AS WELL AS WORKING TO MANAGE THIS ILLNESS WITH THE OUR OWN WORKFORCE THROUGH INNOVATION AND A FOCUS ON COMMUNITY WELLNESS, CAROMONT HEALTH IS DETERMINED TO MAKE POSITIVE IMPACT ON HEALTH AND WELLNESS OF THE POPULATIONS WE SERVE PATIENT CENTERED MEDICAL HOMETHE PATIENT-CENTERED MEDICAL HOME IS A HEALTH CARE SETTING THAT FACILITATES PARTNERSHIPS BETWEEN PATIENTS AND THEIR PERSONAL PHYSICIANS THE PROGRAM PROVIDES MEDICAL PRACTICES WITH INFORMATION ABOUT ORGANIZING PATIENT-CENTERED CARE, WORKING IN TEAMS, AND COORDINATING AND TRACKING DURING THE CONTINUUM OF CARE CAROMONT MEDICAL GROUP ENCOMPASSES 27 PRIMARY CARE PRACTICES AND 19 SPECIALTY GROUPS WITHIN THE CAROMONT HEALTH SYSTEM CURRENTLY, ALL PRIMARY CARE PRACTICES IN OUR SYSTEM ARE RECOGNIZED AS LEVEL 3 PATIENT- CENTERED MEDICAL HOMES BY THE NATIONAL COMMITTEE OF QUALITY ASSURANCE (NCQA) - THE HIGHEST RECOGNITION A CLINIC CAN OBTAIN HEALTHNET GASTONHEALTHNET GASTON (HNG) IS A PROGRAM DESIGNED TO PROVIDE COMPREHENSIVE HEALTH CARE SERVICES TO LOW-INCOME, UNINSURED RESIDENTS OF GASTON COUNTY ITS SERVICES INCLUDE A MEDICAL HOME/PRIMARY CARE PHYSICIAN SERVICES, SPECIALTY PHYSICIAN SERVICES, MEDICATION ASSISTANCE, CASE MANAGEMENT/HEALTH COACHING ACTIVITIES, AND HOSPITAL SERVICES HNG OPERATES THROUGH THE LEADERSHIP AND COLLABORATION OF ITS FOUR FOUNDING STRATEGIC PARTNERS, INCLUDING CAROMONT REGIONAL MEDICAL CENTER, GASTON FAMILY HEALTH SERVICES, COMMUNITY HEALTH PARTNERS, GASTON COMMUNITY HEALTH COMMISSION OTHER STRATEGIC PARTNERS INVOLVED WITH THIS INITIATIVE INCLUDE COMMUNITY PHYSICIANS, GASTON COUNTY DEPARTMENT OF SOCIAL SERVICES, GASTON COUNTY HEALTH DEPARTMENT, AND OTHER LOCAL LEADERS COMMUNITY HEALTH IMPROVEMENT ADVOCACYCAROMONT HEALTH HAS SIGNIFICANTLY IMPACTED ITS COMMUNITY IN PROVIDING MANY DIFFERENT HEALTH IMPROVEMENT PROJECTS, GROUPS, EVENTS, EDUCATION PROGRAMS AND SPONSORSHIPS OTHER EFFORTS TO PROMOTE HEALTH IN THE COMMUNITY ARE FACILIATED BY HAVING A MAJORITY OF THE ORAGANIZATION'S GOVERNING BOARD COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA IN ADDITION, THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR MOST OR ALL DEPARTMENTS THE ORGANIZATION APPLIES ITS SURPLUS OF FUNDS TO FURTHER ITS MISSION OF "PROVIDING EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE" THIS IS ACCOMPLISHED BY INVESTING IN NEW SERVICES, CAPITAL EQUIPMENT, INFORMATION TECHNOLOGY, RENOVATION OF THE PHYSICAL PLANT, PHYSICIAN ACQUISITIONS, ETC

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 CAROMONT HEALTH IN GASTONIA, NORTH CAROLINA IS A REGIONAL, INDEPENDENT, NOT-FOR-PROFIT HEALTH CARE SYSTEM IT ENCOMPASSES GASTON MEMORIAL HOSPITAL (D B A CAROMONT REGIONAL MEDICAL CENTER "CRMCM") WITH 435-BEDS, COURTLAND TERRACE, A 96-BED SKILLED NURSING FACILITY, GASTON HOSPICE WHICH INCLUDES THE 12-BED ROBIN JOHNSON HOUSE INPATIENT FACILITY, AND CAROMONT MEDICAL GROUP, A NETWORK OF 46 PRIMARY AND SPECIALTY PHYSICIAN OFFICES CAROMONT HEALTH'S VISION IS TO BE A NATIONALLY RECOGNIZED LEADER AND VALUED PARTNER IN PROMOTING INDIVIDUAL HEALTH AND VIBRANT COMMUNITIES CAROMONT HEALTH HAS 3 OFF-SITE IMAGING LOCATIONS, 2 SAME-DAY SURGERY CENTERS, 1 FREE-STANDING ENDOSCOPY CENTER, AND 1 OCCUPATIONAL MEDICINE CLINIC
REPORTS FILED WITH STATES	PART VI, LINE 7	NC

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

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

2

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

15

3

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

4

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIPS	12	28,000			GERTRUDE CLINTON HEALTH CAREERS SCHOLARSHIPS

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 OTHER ORGANIZATIONS THAT RECEIVE GRANT FUNDS MAY BE REQUIRED TO SUBMIT MONTHLY REPORTS THAT ARE MONITORED BY MANAGEMENT AND/OR THE BOARD OF DIRECTORS ALL GRANTS DECISIONS ARE DOCUMENTED
SCHEDULE I, PART III		THE PURPOSE OF THE GERTRUDE CLINTON HEALTH CAREERS SCHOLARSHIP IS TO ENCOURAGE MEDICAL AND HEALTH-RELATED PROFESSIONALS IN THE FIELD OF HUMAN SERVICES TO PRACTICE THEIR SPECIALTIES AT GASTON MEMORIAL HOSPITAL OR IN GASTON COUNTY

Software ID:

Software Version:

EIN: 56-0619359

Name: GASTON MEMORIAL HOSPITAL INC

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AS ONE MINISTRIES OF GASTONIA805 WEST AIRLINE AVE GASTONIA,NC 28054	56-2180931	501(C)(3)	20,000				COMMUNITY ASSISTANCE
CANCER SERVICES OF GASTON COUNTY306 SOUTH COLUMBIA ST GASTONIA,NC 28054	56-1164253	501(C)(3)	15,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COMMUNITY FOUNDATION OF GASTON COUNTY1201 E GARRISON BLVD GASTONIA,NC 28052	58-1340834	501(C)(3)	30,000				COMMUNITY ASSISTANCE
CRISIS PREGNANCY CENTER800 ROBINSON ROAD GASTONIA,NC 28054	56-1499208	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
DANIEL STOWE GARDENS 6500 SOUTH NEW HOPE ROAD BELMONT, NC 28012	20-8362933	501(C)(3)	5,000				COMMUNITY ASSISTANCE
GASTON FAMILY HEALTH SERVICES 991 WEST HUDSON BOULEVARD GASTONIA, NC 28052	58-1958398	501(C)(3)	150,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GASTON GAZETTE WOMENS EXPO1893 REMOUNT ROAD GASTONIA,NC 28054	58-0904885	N/A	6,750				COMMUNITY ASSISTANCE
GASTON REGIONAL CHAMBER601 WFRANKLIN BLVD GASTONIA,NC 28053	56-0232990	501(C)(6)	23,055				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GASTON TOGETHERPO BOX 817 GASTONIA,NC 28053	56-2048064	501(C)(3)	37,500				COMMUNITY ASSISTANCE
GASTONIA GRIZZLIESPO BOX 177 GASTONIA,NC 28053	42-1554288	N/A	20,750				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GIRLS ON THE RUN OF GASTON COUNTY991 WEST HUDSON BOULEVARD GASTONIA,NC 28052	56-2201835	501(C)(3)	15,000				COMMUNITY ASSISTANCE
HEART SOCIETY OF GASTON COUNTY1201 EAST GARRISON BLVD GASTONIA,NC 28054	56-1330921	501(C)(3)	31,800				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOLY ANGELS FOUNDATION660 WILKINSON BLVD BELMONT,NC 28012	56-1762654	501(C)(3)	16,302				COMMUNITY ASSISTANCE
MONTCROSS AREA CHAMBER OF COMMERCE PO BOX 368 BELMONT,NC 28012	56-0710166	501(C)(6)	18,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MOUNT HOLLY COMMUNITY DEVELOPMENT FOUNDATION1068 SOUTH MAIN STREET MOUNT HOLLY,NC 28120	20-0738339	501(C)(3)	100,000				COMMUNITY ASSISTANCE
NC PHYSICIANS HEALTH PROGRAM220 HORIZON DRIVE SUITE 201 RALEIGH,NC 27615	56-1846599	501(C)(3)	5,500				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
STANLEY TOWN REVITALIZATION CORPPO BOX 279 STANLEY,NC 28164	45-1621815	501(C)(3)	10,000				COMMUNITY ASSISTANCE
THE GREAT 100 INCPO BOX 4875 GREENSBORO,NC 27404	56-1705456	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY OF GASTON COUNTY PO BOX 2597 GASTONIA, NC 28053	56-0653356	501(C)(3)	20,000				COMMUNITY ASSISTANCE

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 GASTON MEMORIAL HOSPITAL INC	Employer identification number 56-0619359
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Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☒ 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? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4a Yes	
		4b Yes	
		4c	No
5	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9. For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5a	No
		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? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6a Yes	
		6b Yes	
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in 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
	PART I, LINE 1A	HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - A PERCENTAGE OF PERSONAL USE OF DUES PAYMENTS FOR MEMBERSHIP IN A HEALTH OR FITNESS CLUB OR A SOCIAL OR RECREATIONAL CLUB WILL BE ADDED TO THE EMPLOYEE'S W-2 AT THE END OF THE CALENDAR YEAR. DURING 2012 THIS BENEFIT WAS PROVIDED TO THE CEO AND CFO. THE CEO ALSO RECEIVED A HOUSING ALLOWANCE WHICH WAS ADDED TO THE EMPLOYEE'S W-2 AT THE END OF THE CALENDAR YEAR.
	PART I, LINE 3	THE CEO, CFO AND CHIEF LEGAL OFFICER ARE COMPENSATED FOR THEIR SERVICES BY GASTON MEMORIAL HOSPITAL, A SUBSIDIARY OF CAROMONT HEALTH, INC. THE COMPENSATION OF ALL CAROMONT EXECUTIVES FOR EACH YEAR IS ESTABLISHED BY THE COMPENSATION COMMITTEE OF THE CAROMONT HEALTH BOARD OF DIRECTORS, BASED ON GUIDANCE AND OPINIONS PROVIDED BY AN INDEPENDENT, THIRD-PARTY COMPENSATION CONSULTANT. PURSUANT TO THE COMMITTEE CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD, THE BOARD OF DIRECTORS APPROVES THE EXECUTIVE COMPENSATION PHILOSOPHY, WHICH ESTABLISHES THE PARAMETERS FOR ALL EXECUTIVE COMPENSATION DECISIONS. THE BOARD OF DIRECTORS DELEGATES ALL COMPENSATION DECISIONS FOR ALL EXECUTIVES TO THE COMPENSATION COMMITTEE, PROVIDED SUCH DECISIONS ARE CONSISTENT WITH THE COMPENSATION PHILOSOPHY. BOARD APPROVAL MUST BE OBTAINED WHEN COMPENSATION DECISIONS DEVIATE FROM THE COMPENSATION PHILOSOPHY. BOARD MEMBERS WHO SERVE ON THE COMPENSATION COMMITTEE ARE INDEPENDENT AND FREE OF ANY CONFLICT OF INTEREST. ANY COMPENSATION COMMITTEE MEMBER WHO DEVELOPS A CONFLICT OF INTEREST DURING HIS/HER TERM WITH RESPECT TO THE DISCUSSION OF ANY EXECUTIVE'S COMPENSATION LEAVES THE MEETING AND DOES NOT PARTICIPATE IN THE DISCUSSION OR DECISION-MAKING BY THE REMAINING INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE. THE COMPENSATION COMMITTEE RETAINS JURISDICTION OVER THE TOTAL COMPENSATION PACKAGE FOR EXECUTIVES AND REVIEWS EXECUTIVE BENEFITS AND PERQUISITES AS WELL AS TOTAL CASH COMPENSATION. COMPENSATION FOR THE CEO IS ESTABLISHED THROUGH A PROCESS OF PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE COMPENSATION COMMITTEE OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING. ALL COMPENSATION DECISIONS FOR THE CEO ARE APPROVED BY THE COMPENSATION COMMITTEE, AS LONG AS THE COMPENSATION DECISIONS ARE CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY. THE PROCESS FOR DETERMINING COMPENSATION FOR EXECUTIVE DIRECTORS AND MANAGEMENT, UTILIZES COMPENSATION SURVEYS AND STUDIES. FULL COLLECTED COMPENSATION INFORMATION AND ANY COMPENSATION OPINIONS PROVIDED DURING THESE PROCESSES WILL BE KEPT WITH THE COMPENSATION COMMITTEE OR BOARD MINUTES, AS APPLICABLE.
	PART I, LINES 4A-B	DURING THE YEAR THE ORGANIZATION PAID SEVERANCE PAYMENTS TO THE FORMER KEY EMPLOYEES IDENTIFIED BELOW: STEVEN A. RUBIN, FORMER KEY EMPLOYEE \$124,527; TERRY L. JONES, FORMER KEY EMPLOYEE \$145,637. THE FOLLOWING INDIVIDUALS RECEIVED DEFERRED COMPENSATION ALLOCATIONS BY THE FILING ORGANIZATION FROM A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP): DAVID O'CONNOR - \$ 69,460; MARIA LONG - 34,427; DOUG LUCKETT - 72,101; JERRY LEVINE - 83,242; RANDALL L. KELLEY - 152,984; WK. HARWELL - 29,375; KATHLEEN K. BESSON - 26,989; ANDREA K. SERRA - 23,567; TODD DAVIS, MD - 50,400; MICHAEL R. JOHNSON - 21,216; ELIZABETH MCCRAW - 22,968.
	PART I, LINE 6	CERTAIN CAROMONT MEDICAL GROUP INC. PHYSICIAN'S COMPENSATION PACKAGES ARE BASED ON THE INDIVIDUAL PHYSICIAN'S NET RESULTS FROM OPERATIONS AS CALCULATED BASED SOLELY ON HIS/HER NET CHARGES LESS HIS/HER ALLOCABLE SHARE OF CLINIC OVERHEAD COSTS. EXECUTIVE INCENTIVE COMPENSATION PLAN FOR ALL KEY EMPLOYEES BASED ON THE ACHIEVEMENT OF ANNUAL BUSINESS OBJECTIVES AND FINANCIAL PERFORMANCE OF THE CONSOLIDATED SYSTEM. MANAGER INCENTIVE PLAN BASED ON CONSOLIDATED CORPORATE AND INDIVIDUAL PERFORMANCE GOALS.

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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				
KELVIN C HARRIS MD	(i)	0	0	0	0	0	0	0
	(ii)	165,127	144,758	300	6,976	13,295	330,456	0
DAVID O'CONNOR	(i)	351,082	124,821	7,430	79,460	14,192	576,985	0
	(ii)	0	0	0	0	0	0	0
MARIA LONG	(i)	280,995	102,230	737	45,890	1,946	431,798	0
	(ii)	0	0	0	0	0	0	0
DOUG LUCKETT	(i)	372,857	127,707	7,487	74,601	10,573	593,225	0
	(ii)	0	0	0	0	0	0	0
RANDALL L KELLEY	(i)	577,693	232,988	22,014	156,204	10,087	998,986	0
	(ii)	0	0	0	0	0	0	0
JERRY LEVINE	(i)	415,992	148,302	11,310	93,092	14,530	683,226	0
	(ii)	0	0	0	0	0	0	0
KATHLEEN K BESSON	(i)	218,002	80,137	1,259	52,324	13,547	365,269	0
	(ii)	0	0	0	0	0	0	0
W K HARWELL	(i)	248,839	86,310	4,894	36,296	7,393	383,732	0
	(ii)	0	0	0	0	0	0	0
ANDREA K SERRA	(i)	194,393	69,982	655	45,764	7,122	317,916	0
	(ii)	0	0	0	0	0	0	0
TODD DAVIS MD	(i)	278,411	33,050	522	53,578	12,178	377,739	0
	(ii)	0	0	0	0	0	0	0
MICHAEL R JOHNSON	(i)	245,657	53,363	1,686	51,727	12,741	365,174	0
	(ii)	0	0	0	0	0	0	0
ELIZABETH MCCRAW	(i)	189,485	68,379	283	35,424	13,403	306,974	0
	(ii)	0	0	0	0	0	0	0
TERRY L JONES	(i)	0	0	147,866	0	4,144	152,010	0
	(ii)	0	0	0	0	0	0	0
STEVEN A RUBIN	(i)	0	0	124,527	218	300	125,045	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
GASTON MEMORIAL HOSPITAL INC

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

Employer identification number
56-0619359

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HVF7	01-23-2003	120,000,000	SEE PART VI		X		X		X
B	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HG64	01-31-2008	118,400,000	SEE PART VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	900,000		31,265,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	123,594,002		118,649,798					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds	5,150,936		610,174					
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,256,069		917,471					
8	Credit enhancement from proceeds	3,386,000		1,553,718					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	91,583,288		28,952,424					
11	Other spent proceeds	22,217,709		86,616,011					
12	Other unspent proceeds								
13	Year of substantial completion	2005		2009					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X					
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?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		%		%	
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 %		%		%	
6	Total of lines 4 and 5	0 %		0 %		%		%	
7	Does the bond issue meet the private security or payment test?		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					
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 %		0 %		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		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				

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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X	X					
c	No rebate due?	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				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X					
b	Name of provider	MERRILL LYNCH CAPITAL SERVICES		MERRILL LYNCH DERIVATIVE PRODUCTS					
c	Term of hedge	31 6000000000000		21 0000000000000					
d	Was the hedge superintegrated?	X		X					
e	Was a hedge terminated?		X		X				

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	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				

Part VI

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

Identifier	Return Reference	Explanation
SCHEDULE K PART IV , ARBITRAGE, LINE 2C	DATE REBATE COMPUTATION PERFORMED	ISSUER NAME NORTH CAROLINA MEDICAL CARE COMMISSION DATE THE REBATE COMPUTATION WAS PERFORMED 03/18/2013 ISSUER NAME NORTH CAROLINA MEDICAL CARE COMMISSION DATE THE REBATE COMPUTATION WAS PERFORMED 02/25/2013
SCHEDULE K SUPPLEMENTAL INFORMATION		THREE 501(C)(3) ORGANIZATIONS WITHIN THE PARENT-SUBSIDIARY CONTROLLED GROUP BENEFIT FROM THE BONDS AS FOLLOWS GASTON MEMORIAL HOSPITAL, INC (56-0619359) CAROMONT HEALTH, INC (58-1636959) CAROMONT HEALTH SERVICES, INC (56-1455630) GASTON MEMORIAL HOSPITAL, INC HOLDS THE LIABILITY FOR THE BONDS, PER AUDITED FINANCIAL STATEMENTS
SCHEDULE K, PART I, LINE A, COLUMN (C)		THIS BOND ISSUE INCLUDES TWO CUSIPS MATURING ON THE SAME DATE 65820HVG5 AND 65820HVF7
SCHEDULE K, PART I, COLUMN (F), DESCRIPTION OF PURPOSE		ISSUE A - THE SYSTEM USED THE PROCEEDS FROM THESE BONDS FOR VARIOUS CAPITAL IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO A NEW WOMEN'S CENTER AND PARKING DECK, RENOVATIONS TO EXISTING FACILITIES, AND EQUIPMENT IN ADDITION, PROCEEDS WERE USED TO REFUND IN ADVANCE OF THEIR MATURITIES \$17,000,000 IN PRINCIPAL AMOUNT OF THE SERIES 1998 HOSPITAL REVENUE BONDS, ISSUED ON AUGUST 27, 1998 ISSUE B - THE SYSTEM USED THE PROCEEDS FROM THE BONDS FOR VARIOUS CAPITAL IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO, THE RENOVATION OF CERTAIN FLOORS OF THE PATIENT TOWER, RENOVATION OF THE DAY OF SURGERY UNIT, INSTALLATION OF FIRE SPRINKLERS IN NON-SPRINKLED AREAS, AND THE UPGRADE OF LIFE SAFETY AND CRITICAL POWER IN ADDITION, THE HOSPITAL USED THE PROCEEDS TO REFUND THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 1995 REVENUE BONDS, ISSUED ON NOVEMBER 15, 1995, IN THE AMOUNT OF \$41,210,000 AND TO REFUND THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 1998 REVENUE BONDS, ISSUED ON AUGUST 27, 1998, IN THE AMOUNT OF \$49,710,000
SCHEDULE K, PART II, LINE 3 COLUMN (A)	INVESTMENT EARNINGS INCLUDED IN TOTAL PROCEEDS OF ISSUE	LINE 3 COLUMN (A) INCLUDES THE TOTAL INVESTMENT EARNINGS ON BOND PROCEEDS IN THE AMOUNT OF \$ 3,594,002
SCHEDULE K, PART II, LINE 3 COLUMN (B)	INVESTMENT EARNINGS INCLUDED IN TOTAL PROCEEDS OF ISSUE	LINE 3 COLUMN (B) INCLUDES THE TOTAL INVESTMENT EARNINGS ON BOND PROCEEDS IN THE AMOUNT OF \$ 249,798
SCHEDULE K, PART II, LINE 11, OTHER SPENT PROCEEDS		OTHER SPENT PROCEEDS INCLUDE DEPOSITS MADE INTO A REFUNDING ESCROW ACCOUNT ALONG WITH INTEREST EARNED ON THE ACCOUNT, BOTH OF WHICH WERE SUBSEQUENTLY USED TO PAY PRINCIPLE AND INTEREST ON THE REFUNDED BONDS SEE THE RESPONSE FOR PART I, COLUMN (F) FOR DETAILS
SCHEDULE K, PART III, LINE 8B, PROPERTY SOLD OR DISPOSED OF		THE ORGANIZATION HAS INTEPRETED THE RESPONSE TO THIS QUESTION TO EXCLUDE RETIREMENT OF FIXED ASSETS THAT ARE BASED UPON A SET SCHEDULE OF ASSET CLASS LIVES
SCHEDULE K, PART III, LINE 9, WRITTEN POLICIES,		THE ORGANIZATION DID NOT HAVE WRITTEN PROCEDURES IN PLACE THAT REQUIRE IT TO REMEDIATE ALL NONQUALIFIED BONDS OF THE ISSUE PER THE REQUIREMENTS UNDER REGULATION 1.141-12 AND 1.145-2 AS OF THE END OF THE TAX YEAR, HOWEVER, THE ORGANIZATION HAS IDENTIFIED THIS ISSUE AND AT THE TIME OF THIS FILING IS IN THE PROCESS OF AMENDING ITS WRITTEN POLICIES TO INCLUDE THIS PROVISION
SCHEDULE K, PART IV, LINES 3 AND 4A, COLUMN (B)		THE SERIES 2008 BONDS WERE ORIGINALLY ISSUED AS VARIABLE BONDS BEARING INTEREST AT WEEKLY RATES CAROMONT HEALTH, INC ENTERED INTO INTEREST SWAP AGREEMENTS TO HEDGE ITS INTEREST RISK WITH RESPECT TO A PORTION OF THE SERIES 2008 BONDS ON SEPTEMBER 1, 2010, THE SERIES 2008 BONDS WERE CONVERTED TO FIXED INTEREST RATES TO MATURITY HOWEVER, THE INTEREST RATE SWAPS WERE NOT TERMINATED IN CONNECTION WITH SUCH FIXED RATE CONVERSION AND REMAIN IN EFFECT
SCHEDULE K, PART IV, LINE 3C, COLUMN (B)		THIS BOND ISSUE HAS TWO HEDGE TERMS 11 0 YEARS AND 21 0 YEARS
SCHEDULE K, PART V, PROCEDURES TO UNDERTAKE CORRECTIVE ACTION		THE ORGANIZATION DID NOT HAVE WRITTEN PROCEDURES IN PLACE THAT REQUIRE IT TO ENGAGE THE VOLUNTARY CLOSING AGREEMENT PROGRAM FOR VIOLATIONS OF FEDERAL TAX REQUIREMENTS AS OF THE END OF THE TAX YEAR, HOWEVER, THE ORGANIZATION HAS IDENTIFIED THIS ISSUE AND AT THE TIME OF THIS FILING IS IN THE PROCESS OF AMENDING ITS WRITTEN POLICIES TO INCLUDE THIS PROVISION

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization GASTON MEMORIAL HOSPITAL INC	Employer identification number 56-0619359
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LUCINDA DAVIS	FAMILY MEMBER OF DIRECTOR	53,496	COMPENSATION AS EMPLOYEE		No
(2) IMMORTOLOGY LLC	COMPANY IS MORE THAN 35% OWNED BY SON OF DIRECTOR	543,362	CONTRACT FOR MARKETING SERVICES BETWEEN THE FILING ORGANIZATOIN AND IMMORTOLOGY		No

Part V

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

Identifier	Return Reference	Explanation
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2012

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Inspection

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.

Name of the organization

GASTON MEMORIAL HOSPITAL INC

Employer identification number

56-0619359

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	CAROMONT HEALTH IS A NOT-FOR-PROFIT HEALTH SYSTEM HEADQUARTERED IN GASTONIA, NC THAT PROVIDES INPATIENT AND OUTPATIENT MEDICAL SERVICES WITHIN FIVE COUNTIES AND TWO STATES. CAROMONT HEALTH EMPLOYS NEARLY 3,900 HEALTHCARE PROFESSIONALS WITH A MEDICAL STAFF MEMBERSHIP OF MORE THAN 450. CAROMONT REGIONAL MEDICAL CENTER, A 435-BED ACUTE CARE HOSPITAL, IS THE ANCHOR OF CAROMONT HEALTH AND FEATURES A STATE-OF-THE-ART CANCER CENTER, AN OUTSTANDING BIRTH PLACE AND NEONATAL INTENSIVE CARE UNIT, AND A LEVEL III TRAUMA CENTER. AS AN INNOVATIVE LEADER IN HEALTH CARE, CAROMONT HEALTH HAS BEEN AWARDED MANY TOP HONORS. IN JULY, CAROMONT WAS PROCLAIMED THE FIRST PURPLE HEART HOSPITAL IN THE NATION BY THE MILITARY ORDER OF PURPLE HEART AND ALSO RECOGNIZED AS A TOP 100 HOSPITAL BY TRUVEN HEALTH ANALYTICS FOR THE FOURTH YEAR. SOME OTHER KEY ACHIEVEMENTS IN 2013 INCLUDE BEING RECOGNIZED FOR HEALTHGRAD'S CLINICAL EXCELLENCE DISTINCTION FOR THE FOURTH CONSECUTIVE YEAR. ADDITIONALLY, CAROMONT REGIONAL MEDICAL RECEIVED THE "GRADE A" AWARD FOR PATIENT SAFETY FROM LEAPFROG GROUP AND WAS NAMED A TOP 20 MOST BEAUTIFUL HOSPITAL BY SOLIANT HEALTH. CAROMONT HEALTH'S MISSION IS TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE. WE FULFILL THAT MISSION THROUGH SEVERAL PROGRAMS AND INITIATIVES, SUCH AS PHYSICIAN RECRUITMENT & RETAINMENT. CAROMONT BOASTS A ROBUST AND TALENTED MEDICAL STAFF OF MORE THAN 450 PHYSICIANS. CAROMONT CONSISTENTLY SEEKS TO RECRUIT LEADERS IN THE FIELD OF MEDICINE. CAROMONT INVESTS IN THE MEDICAL STAFF IN A NUMBER OF WAYS, INCLUDING ATTENDANCE AT INDUSTRY CONFERENCES AND CONTINUING EDUCATION OPPORTUNITIES. IN 2013, CAROMONT INVESTED \$761,369 TO RECRUIT, TRAIN AND RETAIN HIGHLY-SKILLED PHYSICIANS TO PROVIDE NATIONALLY-RECOGNIZED, HIGH-QUALITY CARE. UNREIMBURSED COSTS OF CARE IN 2013, CAROMONT HEALTH HAD \$71.9 MILLION IN UNREIMBURSED HEALTH CARE COSTS. THIS AMOUNT COVERS ALL FORMS OF UNREIMBURSED CARE, INCLUDING MORE THAN \$13.5 MILLION IN CHARITY CARE, \$41.6 MILLION IN MEDICARE AND MEDICAID LOSSES, AND \$16.8 IN BAD DEBT. CAROMONT PROVIDES CARE TO ALL PATIENTS, WHETHER THEY HAVE INSURANCE OR NOT. THE CHARITY CARE AND BAD DEBT TOTALS REFLECT THE AMOUNT THAT IS NOT REIMBURSED, EITHER BY THE INABILITY OR CHOICE NOT TO PAY. THE MEDICARE AND MEDICAID LOSSES REFLECT THE COST OF CARE PROVIDED THAT WAS NOT PAID FOR BY EITHER THE APPLICABLE GOVERNMENT PROGRAM OR THE PATIENT. COMMUNITY HEALTH IMPROVEMENT INITIATIVES & INVESTMENTS. CAROMONT HEALTH IS ACTIVE IN OUR COMMUNITY IN A NUMBER OF WAYS INCLUDING DONATIONS, INVESTMENTS AND VOLUNTEERISM. IN THE LAST FISCAL YEAR, CAROMONT INVESTED MORE THAN \$2.96 MILLION IN OUR COMMUNITY THROUGH HEALTH IMPROVEMENT SERVICES, COMMUNITY BENEFIT OPERATIONS, DONATIONS AND IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES. SPONSORSHIPS & PARTNERSHIPS. CAROMONT HEALTH IS ALWAYS SEEKING ACTIVE PARTNERS IN OUR JOURNEY TOWARD ACHIEVING BETTER COMMUNITY HEALTH. ONE OF THE WAYS WE IDENTIFY THESE PARTNERS IS THROUGH THE SPONSORSHIP PROGRAM. IN 2013 WE PARTNERED WITH AND PROVIDED FUNDING TO SEVERAL ORGANIZATIONS, INCLUDING CANCER SERVICES OF GASTON COUNTY, COMMUNITY FOUNDATION OF GASTON COUNTY, GASTONIA GRIZZLIES, GIRLS ON THE RUN OF GASTON COUNTY, HEAR SOCIETY OF GASTON COUNTY, GASTON FAMILY HEALTHCARE SERVICES, AND HOLY ANGELS. WELLNESS INITIATIVES. OUR WELLNESS DEPARTMENT IS ACTIVE WITH SEVERAL COMMUNITY ORGANIZATIONS TO IMPROVE THE HEALTH OF THE COUNTY. THESE ACTIVITIES TAKE THE FORM OF HEALTH FAIRS, LUNCH AND LEARN, FAITH AND HEALTH MINISTRY, PHYSICIAN PRESENTATIONS AND COMMUNITY WELLNESS CHALLENGES. PATIENT ADVOCACY - ENROLLMENT ASSISTANCE. CAROMONT REGIONAL MEDICAL CENTER HAS DEVELOPED A PROGRAM TO ASSIST UNINSURED AND UNDER-INSURED COMMUNITY MEMBERS WITH ENROLLMENT IN PUBLIC PROGRAMS. SEVERAL EMPLOYEES ASSIST INDIVIDUALS WITH ENROLLMENT IN MEDICAID, MEDICARE, NC HEALTH CHOICE, CRIME VICTIMS PROGRAMS, FOOD STAMPS, VOCATIONAL REHAB, PUBLIC HOUSING, PRESCRIPTION PROGRAMS, MEALS ON WHEELS AND ADULT SERVICES THROUGH DSS. THE TOTAL COST TO CAROMONT FOR THIS PROGRAM IS \$377,679. 2013 CAROMONT HEART WALK. CAROMONT STRONG, CAROMONT PROUD, CAROMONT HEART! WAS THE RALLYING CRY. ON MAY 2, 2013 WHEN SEVERAL HUNDRED CAROMONT EMPLOYEES, ALONG WITH THEIR FAMILIES AND FRIENDS, PARTICIPATED IN THE HEART WALK ON THE CAROMONT REGIONAL CENTER CAMPUS. THE 1-MILE WALK RAISED MORE THAN \$21,000 FOR THE HEART SOCIETY OF GASTON COUNTY. UNITED WAY PACESETTER CAMPAIGN. THE PACESETTER CAMPAIGN OFFERS OUR EMPLOYEES THE OPPORTUNITY TO SUPPORT MORE THAN 23 LOCAL ORGANIZATIONS WITH THE EASE OF A SINGLE DONATION. LAST FISCAL YEAR, CAROMONT EMPLOYEES CONTRIBUTED MORE THAN \$190,000 TO THE UNITED WAY COMMUNITY GROUPS AND INITIATIVES. CAROMONT HEALTH EMPLOYEES ALSO CONTRIBUTE TIME TO SUPPORT LOCAL ORGANIZATIONS, THROUGH BOARD APPOINTMENTS AND VOLUNTEER OPPORTUNITIES. SEVERAL MEMBERS OF OUR LEADERSHIP TEAM SERVE ON LOCAL BOARDS AND WORK CLOSELY WITH PARTNER GROUPS, SUCH AS GASTON TOGETHER AND HEALTHNET GASTON, TO BETTER THE HEALTH.

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	H OF GASTON COUNTY THESE TIES TO THE COMMUNITY HELP US PAINT A CLEARER PICTURE OF THE RES IDENTS' NEEDS, ALLOWING US TO TAILOR OUR PROGRAMS AND SERVICES TO BEST MEET THOSE NEEDS C OMMUNITY HEALTH EDUCATION CAROMONT HEALTH ALSO INVESTS HEAVILY IN THE FUTURE OF HEALTH CAR E BY INVESTING IN THE EDUCATION OF LOCAL HEALTH CARE STUDENTS IN 2013, CAROMONT SPENT \$2, 761,681 TO COVER THE COSTS OF STUDENT ROTATIONS AND EDUCATION COSTS THIS INCLUDES THE USE OF EQUIPMENT, STAFF AND INSTRUCTOR TIME, AND PROGRAM DEVELOPMENT FOR HIGH SCHOOL AND COLL EGE CURRICULA CAROMONT HEALTH'S PARTNER SCHOOLS INCLUDE APPALACHIAN STATE UNIVERSITY, GAS TON COLLEGE NURSING AND ALLIED HEALTH, GASTON COUNTY SCHOOLS, LENIOR RHYNE UNIVERSITY, UNC - CHARLOTTE, UNC - GREENSBORO, GARDNER WEBB UNIVERSITY, QUEENS UNIVERSITY, AND CENTRAL PI EDMONT COMMUNITY COLLEGE IN ADDITION, CAROMONT PROVIDED SPORTS MEDICINE AND ATHLETIC TRAI NING TO GASTON CHRISTIAN SCHOOLS AND GASTONIA GRIZZLIES BASEBALL CAMP RESEARCH PROGRAMS C AROMONT HEALTH PARTICIPATED IN NUMEROUS RESEARCH TRIALS AND PROGRAMS IN 2013 CAROMONT INV ESTED \$1 16 MILLION, \$756,000 OF WHICH WAS UNREIMBURSED, IN THESE PROGRAMS FOR TREATMENTS, PROCEDURES, MEDICATIONS AND STAFF TIME RESEARCH PROGRAMS ARE THE KEY TO INNOVATION AND A DVANCEMENT IN HEALTH CARE AND CAROMONT IS DEDICATED TO SUPPORTING OUR MEDICAL PROFESSIONAL S IN THE PURSUIT OF NEW TREATMENTS

Identifier	Return Reference	Explanation
BOARD MEMBER INDEPENDENCE	FORM 990, PART VI, SECTION A, LINE 1B	DR CHARLES MEAKIN IS A PHYSICIAN ON THE MEDICAL STAFF OF CAROMONT REGIONAL MEDICAL CENTER, THE MEDICAL DIRECTOR OF THE RADIATION ONCOLOGY PROGRAM AND A PARTNER WITH A 5 25% OWNERSHIP INTEREST IN SOUTHEAST RADIATION ONCOLOGY , WHICH HOLDS AN EXCLUSIVE CONTRACT WITH CAROMONT REGIONAL MEDICAL CENTER FOR RADIATION ONCOLOGY SERVICES DR MEAKIN WAS ALSO APPOINTED TO THE BOARD OF DIRECTORS OF CAROMONT HEALTH BY THE GASTON COUNTY BOARD OF COMMISSIONERS IN MARCH, 2013 TO COMPENSATE DR MEAKIN FOR HIS INDEPENDENT CONTRACTOR SERVICES AS MEDICAL DIRECTOR, CAROMONT REGIONAL MEDICAL CENTER HAS ENTERED INTO A CONTRACT ARRANGEMENT WITH SOUTHEAST RADIATION ONCOLOGY TO PAY SOUTHEAST RADIATION ONCOLOGY FOR DR MEAKIN'S SERVICES, BASED ON TIMESHEETS PREPARED BY DR MEAKIN AND SUBMITTED TO CAROMONT REGIONAL MEDICAL CENTER FOR APPROVAL BECAUSE THE AMOUNTS PAID PURSUANT TO THIS ARRANGEMENT IN 2013 WERE \$32,632 AND THEREFORE DID NOT EXCEED \$100,000, DR MEAKIN HAS BEEN COUNTED AS AN INDEPENDENT DIRECTOR FOR PURPOSES OF 990 REPORTING IN ALL OTHER RESPECTS, DR MEAKIN IS CONSIDERED TO BE NON-INDEPENDENT THE COMPENSATION PAID TO DR MEAKIN IS EXPECTED TO CHANGE FROM YEAR TO YEAR, RESULTING IN VARYING ASSESSMENTS AS TO WHETHER HIS STATUS MUST BE REPORTED ON THE 990 AS NON-INDEPENDENT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE CORPORATION SHALL BE CAROMONT HEALTH, INC , A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF DIRECTORS SHALL CONSIST OF FOURTEEN (14) MEMBERS, ALL OF WHOM SHALL BE THE MEMBERS OF THE BOARD OF DIRECTORS OF CAROMONT HEALTH, INC , AND ALL OF WHOM SHALL BE APPOINTED BY THE BOARD OF DIRECTORS OF CAROMONT HEALTH

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING POWERS OF THE CORPORATION SHALL BE RESERVED TO CAROMONT HEALTH, INC , THE PARENT CORPORATION AND HOLDING COMPANY OF THE CORPORATION (A) FINANCIAL POWERS, INCLUDING THE POWER TO APPROVE AN OPERATING BUDGET FOR THE CORPORATION, POWER TO APPROVE COMPENSATION PLANS, AND POWER TO ASSUME DEBT ON BEHALF OF THE CORPORATION, (B) GOVERNING POWERS, INCLUDING THE POWER TO APPROVE ALL CHANGES TO THE GOVERNING DOCUMENTS OF THE CORPORATION AND POWER TO APPROVE THE MISSION, VISION AND VALUES OF THE CORPORATION, AND (C) STRATEGIC POWERS, INCLUDING THE POWER TO APPROVE ALL CERTIFICATE OF NEED APPLICATIONS WHICH THE CORPORATION MAY FILE IN ANY STATE, AND THE POWER TO APPROVE ALL SALE OR LEASE TRANSACTIONS OF THE CORPORATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S FORM 990 WAS REVIEWED BY THE AUDIT FINANCE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS PRIOR TO PRESENTATION TO THE FULL BOARD BEFORE THE FORM WAS FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH APPLICABLE EMPLOYEE AND DIRECTOR SHALL FULLY AND TRUTHFULLY COMPLETE A QUESTIONNAIRE CONCERNING POTENTIAL AND ACTUAL CONFLICTS OF INTEREST ANNUALLY SUCH QUESTIONNAIRE SHALL IDENTIFY THE EMPLOYEE'S OBLIGATION TO IMMEDIATELY MAKE THE CORPORATE RESPONSIBILITY OFFICER AWARE IN WRITING OF ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST AS THEY MAY ARISE AND CONTAIN SAID EMPLOYEE'S AGREEMENT TO ABIDE BY ALL TERMS AND CONDITIONS OF THIS POLICY AS A CONDITION OF RETAINING THEIR POSITION SUCH QUESTIONNAIRES SHALL BE REVIEWED ANNUALLY BY THE CHIEF LEGAL OFFICER AND THE CORPORATE RESPONSIBILITY OFFICER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE CEO, CFO AND CHIEF LEGAL OFFICER ARE COMPENSATED FOR THEIR SERVICES BY GASTON MEMORIAL HOSPITAL, A SUBSIDIARY OF CAROMONT HEALTH, INC. THE COMPENSATION OF ALL CAROMONT EXECUTIVES FOR EACH YEAR IS ESTABLISHED BY THE COMPENSATION COMMITTEE OF THE CAROMONT HEALTH BOARD OF DIRECTORS, BASED ON GUIDANCE AND OPINIONS PROVIDED BY AN INDEPENDENT, THIRD-PARTY COMPENSATION CONSULTANT. PURSUANT TO THE COMMITTEE CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD, THE BOARD OF DIRECTORS APPROVES THE EXECUTIVE COMPENSATION PHILOSOPHY, WHICH ESTABLISHES THE PARAMETERS FOR ALL EXECUTIVE COMPENSATION DECISIONS. THE BOARD OF DIRECTORS DELEGATES ALL COMPENSATION DECISIONS FOR ALL EXECUTIVES TO THE COMPENSATION COMMITTEE, PROVIDED SUCH DECISIONS ARE CONSISTENT WITH THE COMPENSATION PHILOSOPHY. BOARD APPROVAL MUST BE OBTAINED WHEN COMPENSATION DECISIONS DEViate FROM THE COMPENSATION PHILOSOPHY. BOARD MEMBERS WHO SERVE ON THE COMPENSATION COMMITTEE ARE INDEPENDENT AND FREE OF ANY CONFLICT OF INTEREST. ANY COMPENSATION COMMITTEE MEMBER WHO DEVELOPS A CONFLICT OF INTEREST DURING HIS/HER TERM WITH RESPECT TO THE DISCUSSION OF ANY EXECUTIVE'S COMPENSATION LEAVES THE MEETING AND DOES NOT PARTICIPATE IN THE DISCUSSION OR DECISION-MAKING BY THE REMAINING INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE. THE COMPENSATION COMMITTEE RETAINS JURISDICTION OVER THE TOTAL COMPENSATION PACKAGE FOR EXECUTIVES AND REVIEWS EXECUTIVE BENEFITS AND PERQUISITES AS WELL AS TOTAL CASH COMPENSATION. COMPENSATION FOR THE CEO IS ESTABLISHED THROUGH A PROCESS OF PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE COMPENSATION COMMITTEE OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING. ALL COMPENSATION DECISIONS FOR THE CEO ARE APPROVED BY THE COMPENSATION COMMITTEE, AS LONG AS THE COMPENSATION DECISIONS ARE CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY. THE PROCESS FOR DETERMINING COMPENSATION FOR EXECUTIVE DIRECTORS AND MANAGEMENT, UTILIZES COMPENSATION SURVEYS AND STUDIES. FULL COLLECTED COMPENSATION INFORMATION AND ANY COMPENSATION OPINIONS PROVIDED DURING THESE PROCESSES WILL BE KEPT WITH THE COMPENSATION COMMITTEE OR BOARD MINUTES, AS APPLICABLE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	THE ORGANIZATION'S FORM 990 IS MADE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	AT THIS TIME, THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC THE ENTIRE ORGANIZATION'S COMBINED FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	INTERCOMPANY TRANSFER TO AFFILIATE -17,713,942 CHANGE IN VALUE OF INTEREST RATE SWAP -1,862,295

Identifier	Return Reference	Explanation
	PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM LAST YEAR

Identifier	Return Reference	Explanation
COMMON PAY MASTER	FORM 990, PART V AND PART VII	THE FILING ORGANIZATION USES A RELATED ORGANIZATION FOR ITS PAYROLL FUNCTION. ALL W-2S ARE FILED BY THE COMMON PAY MASTER. HOWEVER, AMOUNTS PAID BY THE COMMON PAY MASTER ARE TREATED AS IF PAID DIRECTLY BY THE ORGANIZATION FOR WHICH SERVICES ARE PERFORMED.

SCHEDULE R (Form 990)	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

Department of the Treasury Internal Revenue Service	
Name of the organization GASTON MEMORIAL HOSPITAL INC	Employer identification number 56-0619359

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) CAROMONT HEALTH INC 2525 COURT DRIVE GASTONIA, NC 28054 58-1636959	MEDICAL SERVICES	NC	501(C)(3)	LINE 11B, II	N/A		No
(2) CAROMONT HEALTH SERVICES INC 2526 COURT DRIVE GASTONIA, NC 28054 56-1455630	OUTPATIENT SERVICES	NC	501(C)(3)	LINE 3	CAROMONT HEALTH INC		No
(3) GASTON MEMORIAL HOSPITAL FOUNDATION INC 2527 COURT DRIVE GASTONIA, NC 28054 56-1479699	FOUNDATION	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(4) CAROMONT MEDICAL GROUP INC 2528 COURT DRIVE GASTONIA, NC 28054 56-1479712	MEDICAL GROUP	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(5) HOSPICE OF GASTON COUNTY INC 2529 COURT DRIVE GASTONIA, NC 28054 58-1341530	HOSPICE CARE	NC	501(C)(3)	LINE 7	CAROMONT HEALTH INC		No
(6) GASTON EMERGENCY PHYSICIANS INC 2531 COURT DRIVE GASTONIA, NC 28054 56-2209423	SUPPORTING ORGANIZATION	NC	501(C)(3)	LINE 11A, I	CAROMONT HEALTH INC		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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" 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	No

Part V

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

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

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

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

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

[illegible]

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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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**CAROMONT HEALTH, INC.
AND AFFILIATES**

Combined Financial Statements
(with Additional Supplemental Schedules)

June 30, 2013 and 2012

(with Independent Auditors'
Report thereon)

CAROMONT HEALTH, INC.

AND AFFILIATES

Table of Contents

June 30, 2013 and 2012

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 14
Combined Financial Statements	
Combined Balance Sheets	15 – 16
Combined Statements of Revenues, Expenses, and Changes in Net Position	17 – 18
Combined Statements of Cash Flows	19 – 20
Notes to the Combined Financial Statements	21 – 39
Supplemental Schedules	
Employees' Pension Plan Required Supplementary Information – Schedule of Funding Progress	40
Employees' Pension Plan Required Supplementary Information – Notes to the Required Schedule	40
Balance Sheet Information of Obligated Group	41 – 42
Statement of Revenues, Expenses, and Changes in Net Position Information of Obligated Group	43 – 44
Combining Balance Sheet Information	45 – 48
Combining Statement of Revenues, Expenses, and Changes in Net Position Information	49 – 50
Combining Balance Sheet Information – CaroMont Health Services, Inc	51
Combining Statement of Revenues, Expenses, and Changes in Net Position Information – CaroMont Health Services, Inc	52



DIXON HUGHES GOODMAN^{LLP}
INDEPENDENT PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
CaroMont Health, Inc. and Affiliates
Gastonia, North Carolina

Report on the Combined Financial Statements

We have audited the accompanying combined balance sheets of CaroMont Health, Inc. and Affiliates (the "System") as of June 30, 2013 and 2012, the related combined statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of CaroMont Insurance Services, LTD ("CIS"), a combined affiliate, which statements reflect total assets of approximately \$5,986,000 and \$7,036,000, respectively, included in combined total assets at June 30, 2013 and 2012. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CIS, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
CaroMont Health, Inc and Affiliates

Opinion

In our opinion, based on our audit and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CaroMont Health, Inc and Affiliates as of June 30, 2013 and 2012, and the results of its combined operations and its combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Supplemental Information and Supplemental Schedules

Management's Discussion and Analysis is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board ("GASB") We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information However, we did not audit the information and express no opinion on it

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

September 12, 2013

Dixon Hughes Goodman LLP

CaroMont Health, Inc and Affiliates

Management's Discussion and Analysis

June 30, 2013 and 2012

CaroMont Health, Inc and Affiliates (the "System") provides inpatient, outpatient, emergency, and surgical services to the residents of Gaston County and surrounding areas at its 435-licensed bed hospital, Gaston Memorial Hospital, d/b/a CaroMont Regional Medical Center (the "Hospital") In addition, the System provides healthcare services in two same day surgery centers, two health and fitness centers, an occupational medicine clinic, four outpatient off-site imaging centers, a skilled nursing facility, an inpatient hospice facility, and outpatient hospice Finally, the System employs physicians and physician extenders who provide services at the Hospital and in ambulatory-based practices located in five counties and two states

FINANCIAL HIGHLIGHTS

The assets of CaroMont Health, Inc and Affiliates exceeded its liabilities at June 30, 2013 by \$627.9 million, which represents the amount of the System's net position This amount will be used to meet the System's ongoing financial obligations and to finance capital improvements and expansion of services in the future

The System's total net position increased \$66.9 million in the twelve-month period ended June 30, 2013, which represents the amount of gain for the fiscal year The following is an analysis of CaroMont Health, Inc and Affiliates' financial performance in fiscal year 2013

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to CaroMont Health, Inc and Affiliates' audited combined financial statements The System's combined financial statements are comprised of two components: 1) audited combined financial statements and 2) notes to the audited combined financial statements This report also contains supplementary information in addition to the audited combined financial statements

The audited combined financial statements include the Combined Balance Sheets, Combined Statements of Revenues, Expenses, and Changes in Net Position, and Combined Statements of Cash Flows for the fiscal years ended June 30, 2013 and 2012 The System operates similar to a private business and therefore utilizes the proprietary fund method of accounting This method provides both long-term and short-term financial information and requires that revenue and expenses are recognized on the full accrual basis

The Combined Balance Sheet presents information on all of the System's assets, liabilities, deferred outflows and inflows, with the difference between these reported as net position Over time, increases or decreases in net position may serve as a useful indicator of whether the combined financial position of the System is improving or deteriorating

The Combined Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the System's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Combined Statement of Cash Flows presents information about the System's cash flows resulting from operating, investing, non-capital financing, and capital and related financing activities. It reports cash receipts, cash payments, and changes in the cash balance during the most recent fiscal year.

FINANCIAL ANALYSIS

Total Assets and Deferred Outflows

As seen in Table 1, in fiscal year 2013, total assets and deferred outflows of the System increased \$47.5 million to \$957.4 million. Current assets decreased \$7.2 million, net capital assets decreased \$2.3 million, other long-term assets increased \$68.9 million, and deferred outflows decreased \$11.9 million.

In fiscal year 2012, total assets of the System increased \$41.0 million to \$909.9 million. Current assets increased \$44.2 million, net capital assets increased \$9.6 million, other long-term assets decreased \$30.5 million, and deferred outflows increased \$17.7 million.

Table 1
CaroMont Health, Inc. and Affiliates
Summary of Assets
(in millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 111.0	\$ 118.2	\$ 74.0
Capital assets, net of accumulated depreciation	232.1	234.4	224.8
Other long-term assets	591.4	522.5	553.0
Deferred outflows	<u>22.9</u>	<u>34.8</u>	<u>17.1</u>
Total assets and deferred outflows	<u>\$ 957.4</u>	<u>\$ 909.9</u>	<u>\$ 868.9</u>

In fiscal year 2013, the decrease in current assets was primarily due to decreases in cash and cash equivalents, net patient accounts receivable, and prepaid expenses, which were partially off-set by increases in inventories of drugs and supplies. The decrease in net capital assets was caused by depreciation that exceeded new capital purchases during the fiscal year. The increases in other long-term assets was primarily due to increases in the internally-designated investments, the prepaid pension obligation, the fair value of interest rate swaps held as investment, and a new note receivable from Senior Total Life Care which is a Program for the All-inclusive Care for the

Elderly The decrease in deferred outflows was due to the reduction in the deferred charge for the interest rate swaps

In fiscal year 2012, the increase in current assets was primarily due to increases in cash and cash equivalents, net patient accounts receivable, and prepaid expenses, which were partially off-set by decreases in inventories of drugs and supplies The increase in net capital assets was caused by purchases of capital assets The decrease in other long-term assets was primarily due to decreases in internally-designated investments, which was partially off-set by increases in the prepaid pension obligation The increase in deferred outflows was due to the increase in the deferred charge for the interest rate swaps

Total Liabilities and Net Position

As seen in Table 2, in fiscal year 2013, total liabilities of the System decreased \$19.4 million to \$329.5 million Current liabilities decreased \$3.3 million and long-term liabilities decreased \$16.1 million Total net position increased \$66.9 million to \$627.9 million Unrestricted increased \$65.5 million, invested in capital assets net of related debt increased \$3.4 million, and restricted for specific operating purposes decreased \$2.0 million

In fiscal year 2012, total liabilities of the System increased \$27.0 million to \$348.9 million Current liabilities increased \$14.6 million and long-term liabilities increased \$12.4 million Total net position increased \$14.0 million to \$561.0 million Unrestricted decreased \$2.0 million, invested in capital assets net of related debt increased \$15.1 million, and restricted for specific operating purposes increased \$0.9 million

Table 2
CaroMont Health, Inc. and Affiliates
Summary of Liabilities and Net Position
(in millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current liabilities	\$ 104.9	\$ 108.2	\$ 93.6
Long-term liabilities	224.6	240.7	228.3
Total liabilities	<u>329.5</u>	<u>348.9</u>	<u>321.9</u>
Unrestricted	590.0	524.5	526.5
Invested in capital assets, net of related debt	34.8	31.4	16.3
Restricted for specific operating purposes	3.1	5.1	4.2
Total net position	<u>627.9</u>	<u>561.0</u>	<u>547.0</u>
Total liabilities and net position	<u>\$ 957.4</u>	<u>\$ 909.9</u>	<u>\$ 868.9</u>

In fiscal year 2013, the decrease in current liabilities was primarily due to decreases in accounts payable and accrued settlements for Medicare and Medicaid, which were partially off-set by increases in accrued payroll and other expenses. The decrease in long-term liabilities was primarily due to improvements in the fair value of the interest rate swaps and reductions in long-term debt, which were partially offset by increases in 457 plan liabilities.

In fiscal year 2013, total net position increased to reflect the System's excess of revenues over expenses of \$66.1 million and \$0.8 million of capital grants and contributions. The increase in invested in capital assets was primarily caused by a reduction in the balances of long-term debt and deferred financing costs. The decrease in restricted for specific operating purposes was due to utilization of restricted contributions by Hospice.

In fiscal year 2012, the increase in current liabilities was primarily due to increases in accounts payable, accrued payroll, and accrued settlements for Medicare and Medicaid. The increase in long-term liabilities was primarily due to changes in the value of the interest rate swaps, which was partially off-set by reductions in long-term debt.

In fiscal year 2012, total net position increased to reflect the System's excess of revenues over expenses of \$13.0 million and \$1.0 million of capital grants and contributions. The increase in invested in capital assets was primarily caused by a reduction in the balances of long-term debt and deferred financing costs. The increase in restricted for specific operating purposes was due to capital contributions received for the Hospice capital campaign.

Total Operating Revenues

As seen in Table 3, in fiscal year 2013, total operating revenues decreased \$4.6 million to \$484.1 million. Gross patient service revenue increased \$51.8 million. Total revenue deductions increased \$54.4 million. Other operating revenue decreased \$2.0 million.

In fiscal year 2012, total operating revenues increased \$17.0 million to \$488.7 million. Gross patient service revenue increased \$82.8 million. Total revenue deductions increased \$70.9 million. Other operating revenue increased \$5.1 million.

Table 3
CaroMont Health, Inc. and Affiliates
Summary of Total Operating Revenues
(in millions of dollars)

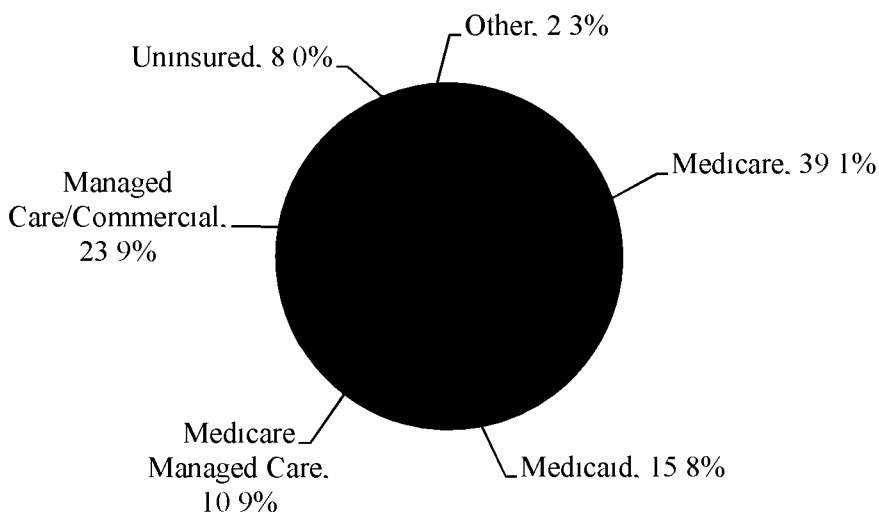
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Inpatient revenue	\$ 581.9	\$ 568.1	\$ 518.7
Outpatient revenue	789.5	751.5	718.1
Gross patient service revenue	<u>1,371.4</u>	<u>1,319.6</u>	<u>1,236.8</u>
Contractual adjustments	802.8	738.2	682.1
Charity care	52.5	54.8	46.8
Provision for bad debts	42.6	50.5	43.7
Total revenue deductions	<u>897.9</u>	<u>843.5</u>	<u>772.6</u>
Net patient service revenue	473.5	476.1	464.2
Other operating revenue	<u>10.6</u>	<u>12.6</u>	<u>7.5</u>
Total operating revenues	<u><u>\$ 484.1</u></u>	<u><u>\$ 488.7</u></u>	<u><u>\$ 471.7</u></u>

In fiscal year 2013, the increase in gross patient service revenue (i.e. charges) was primarily due to increases in rates that averaged 5% and new physician practice acquisitions, which were partially offset by decreases in volumes and physician practice divestitures. The increase in revenue deductions is explained in Graph 2. The decrease in other operating revenue was primarily due to reductions in meaningful use payments from Medicare and Medicaid.

In fiscal year 2012, the increase in gross patient service revenue (i.e. charges) was primarily due to increases in the volume of services provided, new physician practice acquisitions, and an increase in rates that averaged 5%. The increase in revenue deductions is explained in Graph 2. The increase in other operating revenue was primarily due to receipt of meaningful use payments from Medicare and Medicaid.

Graph 1 presents gross patient service revenue by payor type in fiscal year 2013 for the Hospital

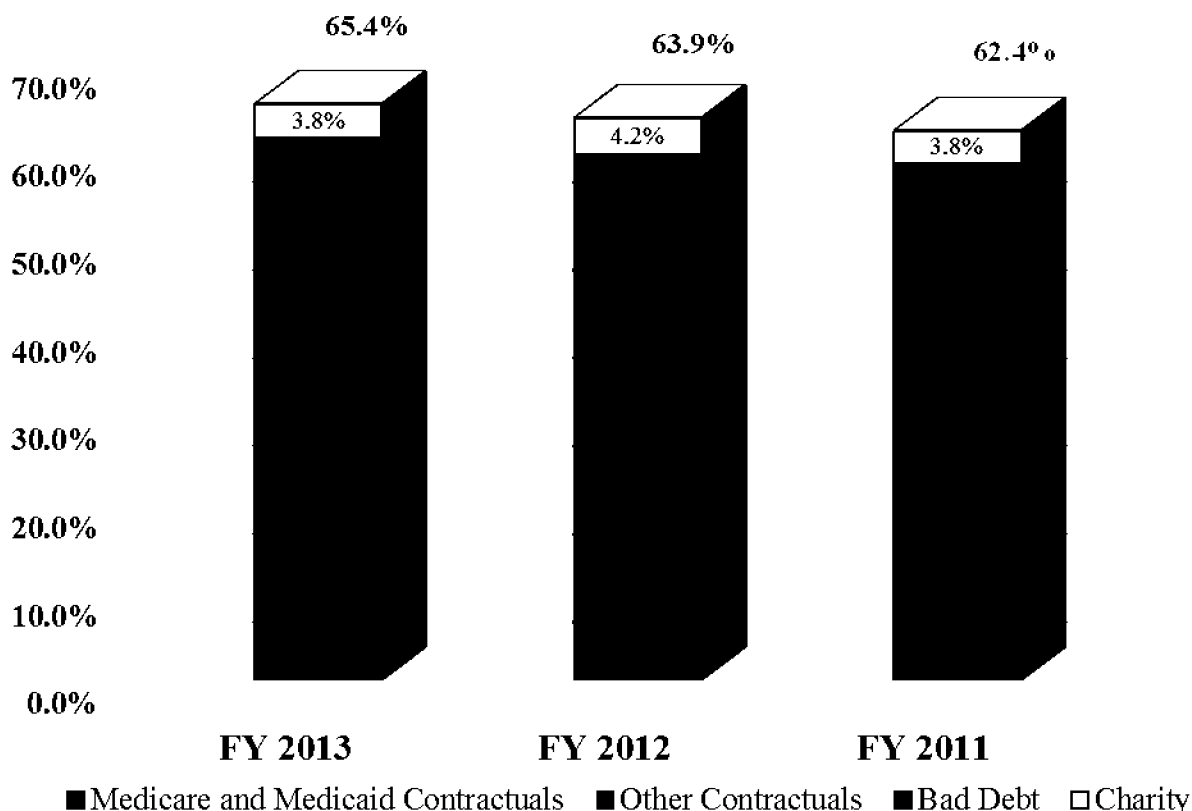
Graph 1
CaroMont Regional Medical Center
Gross Patient Service Revenue by Payor Type



The largest consumers of healthcare services at the Hospital were Medicare patients, comprising 39.1% of gross charges. Commercially insured and managed care patients comprised 23.9% of gross charges. Medicaid patients comprised 15.8% of gross charges. Medicare managed care, uninsured, and other patients comprised the balance of patients, representing 10.9%, 8.0%, and 2.3% of gross charges, respectively. As compared to the prior fiscal year, Medicare increased 0.3%, commercial/managed care decreased 1.0%, Medicaid decreased 0.4%, Medicare managed care increased 1.6%, uninsured decreased 0.4%, and other decreased 0.1%.

Graph 2 presents revenue deductions as a percentage of gross patient service revenue in fiscal years 2013, 2012, and 2011 for CaroMont Health, Inc. and Affiliates

Graph 2
CaroMont Health, Inc. and Affiliates
Revenue Deductions as a Percentage of Gross Patient Service Revenue



Revenue deductions represent the difference between charges and the amount of payment received for services provided. Medicare and Medicaid contractuals are the largest category and represent over half of the deductions. The Medicare and Medicaid programs pay hospitals less than full charges, and at times reimbursement from these sources does not fully cover the costs of providing care. These programs provide payments for services based upon standardized fee schedules, therefore, payment rates are consistent and deductions vary depending on charges incurred. The next largest category, other contractuals, are a result of contracts with managed care companies along with contractuals from other governmental payors such as Tri-Care. Bad debt is due to insured patients who do not pay their deductibles and coinsurance or to uninsured patients who do not qualify for financial assistance. Charity is provided to uninsured and underinsured patients who qualify for financial assistance because they do not have the financial

means to pay for their healthcare services. Uncompensated care is defined as services provided for which the System should have received payment, but did not, resulting in either bad debt or charity.

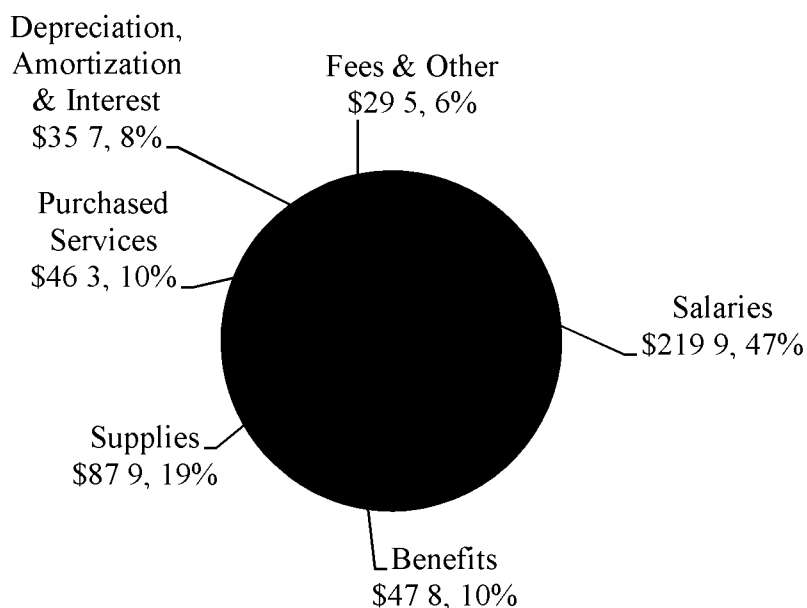
In fiscal year 2013, the percentage of total revenue deductions increased 1.5% to 65.4%. The increase in Medicare and Medicaid contractuals was primarily due to a higher length of stay for inpatients and reductions in reimbursements due to sequestration from the Medicare program. The increase in other contractuals was primarily due to increases in the number of Medicare managed care patients receiving services which was partially offset by higher reimbursements from managed care companies. The decrease in charity and debt was primarily due to fewer uninsured patients receiving services.

In fiscal year 2012, the percentage of total revenue deductions increased 1.5% to 63.9%. The increase in Medicare and Medicaid contractuals was primarily due to increases in the number of patients receiving services along with reductions in reimbursements from the Medicaid program. The decrease in other contractuals was primarily due to decreases in the number of managed care patients receiving services which was partially offset by higher reimbursements from managed care companies. The increase in charity and bad debt was primarily due to more uninsured and underinsured patients receiving services.

Total Operating Expenses

In fiscal year 2013, total operating expenses decreased \$0.7 million to \$467.1 million. Graph 3 presents a break-down of operating expenses by major category in fiscal year 2013.

Graph 3
CaroMont Health, Inc. and Affiliates
Composition of Operating Expenses
In Millions of Dollars and As a Percentage of Total Operating Expense



Salaries and wages expenses, which represent 47% of total operating expenses, increased 2.2% to \$219.9 million. The increase was due to the addition of 31.9 full-time equivalent employees (“FTEs”) and increases in rates of pay. The addition of FTEs was primarily due to new services and physician practice acquisitions.

Supplies and drugs expenses, which represent 19% of total operating expenses, increased 1.6% to \$87.9 million. The increase was primarily due to increases in drugs, vaccinations, blood/blood products, implants, and durable medical equipment, which was partially offset by decreases in medical/surgical supplies.

Purchased services, which represent 10% of total operating expenses, decreased 5.1% to \$46.3 million. The decrease was primarily due to lower contract services in departments that brought services in-house to reduce costs and improve performance.

Employee benefits, which represent 10% of total operating expenses, increased 1.9% to \$47.8 million. The increase was primarily due to higher payroll taxes and health insurance expenses, which were partially off-set by lower worker's compensation.

Depreciation, amortization, and interest expense, which represent 8% of total operating expenses, decreased 0.9% to \$35.7 million due to less depreciation on equipment and lower interest rates on revenue bonds.

Finally, fees and other expenses, which represent 6% of total operating expenses, decreased 14.5% to \$29.5 million primarily due to reductions in the Medicaid provider assessment, professional/general liability insurance, consulting fees, and recruiting expenses.

Excess of Revenues Over Expenses

As seen in Table 4, in fiscal year 2013, income from operations decreased \$3.9 million to \$17.0 million. Net nonoperating revenues increased \$57.0 million to \$49.1 million. Excess of revenues over expenses increased \$53.1 million to \$66.1 million.

In fiscal year 2012, income from operations decreased \$5.1 million to \$20.9 million. Net nonoperating revenues (expenses) decreased \$75.4 million to (\$7.9) million. Excess of revenues over expenses decreased \$80.5 million to \$13.0 million.

Table 4
CaroMont Health, Inc. and Affiliates
Summary of Excess Revenues over Expenses
(in millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Income from operations	\$ 17.0	\$ 20.9	\$ 26.0
Net realized gains on investments, interest and dividends	25.5	23.4	13.5
Unrealized gains (losses) on investments, net	21.9	(26.5)	58.7
Unrealized gains (losses) on interest rate swaps	2.8	(2.7)	(5.5)
Other nonoperating revenues (expenses)	(1.1)	(2.1)	0.8
Net nonoperating revenues (expenses)	49.1	(7.9)	67.5
Excess of revenues over expenses	66.1	13.0	93.5
Capital grants, contributions and other	0.8	1.0	1.3
Increase in net position	<u>\$ 66.9</u>	<u>\$ 14.0</u>	<u>\$ 94.8</u>

In fiscal year 2013, the decrease in income from operations was primarily due to lower MRI/GAP and meaningful use revenues along with a slight decrease in hospital volumes, which were partially offset by lower operating expenses. The increase in net realized and unrealized gains on investments was due to increases in the values of the investments. The increase in unrealized gains on interest rate swaps for the swaps that are no longer hedged against tax-exempt debt was due to improvements in the fair values of the swaps. The decrease in other nonoperating expenses was primarily due to fewer grants distributed by the Foundation.

In fiscal year 2012, the decrease in income from operations was primarily due to lower profitability in the non-hospital affiliates caused by lower volumes, reductions in government reimbursement, and higher expenses. The increase in net realized and unrealized losses on investments was due to decreases in the values of the investments. The decrease in unrealized losses on interest rate swaps for the swaps that are no longer hedged against tax-exempt debt was due to improvements in the fair values of the swaps. The increase in other nonoperating expenses was due to grants distributed by the Foundation in the current year and the non-reoccurrence of scholarship donations from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As seen in Table 5, in fiscal year 2013, the net investment in capital assets decreased \$2.3 million to \$232.1 million. In fiscal year 2012, the net investment in capital assets increased \$9.6 million to \$234.4 million.

Table 5
CaroMont Health, Inc. and Affiliates
Capital Assets
(in millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 7.9	\$ 10.8	\$ 8.8
Buildings and improvements	285.0	291.3	289.2
Equipment	204.8	214.7	218.3
Gross capital assets	497.7	516.8	516.3
Less accumulated depreciation	(273.2)	(296.8)	(303.3)
Construction in progress	7.6	14.4	11.8
Capital assets	<u>\$ 232.1</u>	<u>\$ 234.4</u>	<u>\$ 224.8</u>

In fiscal year 2013, the major capital asset additions included:

- Renovation of physical therapy space at the skilled nursing facility
- Purchase of additional land for a new emergency department
- Construction of a new urgent care center that will open next fiscal year
- Purchase of exhibits for Discover YOU! – a new interactive health and wellness center

Outstanding Debt

As seen in Table 6, in fiscal year 2013, the revenue bonds outstanding decreased \$6.8 million to \$206.2 million. In fiscal year 2012, the revenue bonds outstanding decreased \$6.5 million to \$213.0 million.

Table 6
CaroMont Health, Inc. and Affiliates
Outstanding Debt
(in millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue bonds	\$ 206.2	\$ 213.0	\$ 219.5

The decrease was due to repayment of principal for the Series 2003 and Series 2008 revenue bonds.

COMMUNITY BENEFITS

CaroMont Health, Inc. and Affiliates' mission is to provide exceptional healthcare to the communities it serves. As a nonprofit hospital, CaroMont Regional Medical Center acts as a "safety net", providing needed medical care to those unable to pay for their services. In addition, other resources provided by the System benefit the general well-being of the community at large.

The System provides numerous benefits to the communities served, encompassing all of Gaston County and surrounding counties. The largest benefit is the provision of uncompensated care to uninsured and underinsured patients, which amounted to over \$95.1 million of gross charges in 2013. In addition, the System provided care to Medicare, Medicaid, other government, and uninsured patients for which the reimbursement did not cover the full cost of providing the services. Education is another significant community benefit that the System provides. The System offers several educational programs to local high school students and serves as an important clinical rotation site for training of students in nursing and allied health programs for area colleges. Other community benefits include free and low-cost preventive health screenings, health fairs, support groups, wellness outreach, participation in community not-for-profit organizations, subsidized services (such as birthing services and psychiatric services), economic development activities, and partnerships with other community healthcare organizations.

For more information on the community benefits provided, the System publishes an Annual Report on its website, www.caromonthhealth.org

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Balance Sheets

June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 30,428,191	\$ 35,408,191
Investments	5,970,130	4,563,772
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$20,997,000 in 2013 and \$23,294,000 in 2012	51,398,695	54,754,918
Other accounts receivable, net	5,813,598	5,958,136
Inventories of drugs and supplies	7,835,551	7,225,534
Prepaid expenses	9,525,707	10,315,143
Total current assets	<u>110,971,872</u>	<u>118,225,694</u>
Assets limited as to use		
Internally designated	523,016,811	464,472,976
Held by trustee	2	3
Donor restricted	3,097,700	5,106,950
Total assets limited as to use	<u>526,114,513</u>	<u>469,579,929</u>
Capital assets		
Non-depreciable capital assets	13,964,397	19,891,168
Depreciable capital assets, net of accumulated depreciation	218,114,402	214,487,231
Total capital assets, net of accumulated depreciation	<u>232,078,799</u>	<u>234,378,399</u>
Other assets		
Prepaid pension obligation	49,278,966	41,484,454
Deferred financing costs, net	4,131,992	4,443,036
Other long-term assets	11,942,239	7,018,147
Total other assets	<u>65,353,197</u>	<u>52,945,637</u>
Total assets	<u>934,518,381</u>	<u>875,129,659</u>
 <u>Deferred Outflows</u>		
Interest rate swaps	<u>22,897,786</u>	<u>34,779,242</u>
Total assets and deferred outflows	<u>\$ 957,416,167</u>	<u>\$ 909,908,901</u>

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Balance Sheets. Continued

June 30, 2013 and 2012

<u>Liabilities</u>	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 17,435,462	\$ 18,050,390
Accrued payroll and related liabilities	25,830,827	24,198,417
Estimated third-party payor settlements	33,058,834	39,274,173
Other accrued expenses	22,360,228	19,962,993
Current installments of long-term debt	<u>6,255,000</u>	<u>6,735,000</u>
Total current liabilities	<u>104,940,351</u>	<u>108,220,973</u>
Long-term debt, excluding current installments, net	195,114,253	200,729,861
Interest rate swaps	22,897,786	34,779,242
Other long-term liabilities	<u>6,555,412</u>	<u>5,142,963</u>
Total long-term liabilities	<u>224,567,451</u>	<u>240,652,066</u>
Total liabilities	<u>329,507,802</u>	<u>348,873,039</u>
 <u>Net Position</u>		
Invested in capital assets, net of related debt	34,841,538	31,356,574
Restricted		
For debt service	2	3
For specific operating purposes	3,097,700	5,106,950
Unrestricted	<u>589,969,125</u>	<u>524,572,335</u>
Total net position	<u>627,908,365</u>	<u>561,035,862</u>
Total liabilities and net position	<u>\$ 957,416,167</u>	<u>\$ 909,908,901</u>

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

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately \$42,621,000 in 2013 and \$50,496,000 in 2012	\$ 473,476,263	\$ 476,068,839
Other operating revenue	<u>10,602,622</u>	<u>12,661,178</u>
Total operating revenues	<u>484,078,885</u>	<u>488,730,017</u>
Operating expenses		
Salaries and wages	219,860,638	215,059,006
Employee benefits	47,830,691	46,958,234
Fees	15,586,266	16,938,200
Supplies and drugs	87,877,635	86,495,279
Purchased services	46,304,596	48,782,291
Other	13,938,875	17,598,014
Interest expense	8,874,005	8,949,262
Depreciation and amortization	<u>26,802,485</u>	<u>27,050,671</u>
Total operating expenses	<u>467,075,191</u>	<u>467,830,957</u>
Income from operations	\$ <u>17,003,694</u>	\$ <u>20,899,060</u>

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Revenues, Expenses, and Changes in Net Position, Continued

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Income from operations	\$ <u>17,003,694</u>	\$ <u>20,899,060</u>
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	25,525,951	23,376,781
Unrealized gains (losses) on investments, net	21,889,353	(26,444,967)
Unrealized gains (losses) on interest rate swaps	2,774,056	(2,713,882)
Other nonoperating expenses	<u>(1,094,665)</u>	<u>(2,108,330)</u>
Net nonoperating revenues (expenses)	<u>49,094,695</u>	<u>(7,890,398)</u>
Excess of revenues over expenses before capital grants, contributions and other	66,098,389	13,008,662
Capital grants, contributions and other	<u>774,114</u>	<u>985,649</u>
Increase in net position	66,872,503	13,994,311
Net position, beginning of year	<u>561,035,862</u>	<u>547,041,551</u>
Net position, end of year	\$ <u><u>627,908,365</u></u>	\$ <u><u>561,035,862</u></u>

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

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Receipts from and on behalf of patients	\$ 470,620,497	\$ 478,440,194
Payments to suppliers and contractors	(172,558,979)	(180,049,012)
Payments to employees for services	(272,440,982)	(263,154,137)
Other receipts from operations	<u>11,131,821</u>	<u>12,924,173</u>
Net cash provided by operating activities	<u>36,752,357</u>	<u>48,161,218</u>
Cash flows from noncapital financing activities		
Other	<u>(1,094,665)</u>	<u>(2,108,330)</u>
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(6,735,000)	(6,540,000)
Proceeds from margin line	-	19,800,000
Principal paid on margin line	-	(19,800,000)
Principal paid on capital lease obligations	-	(1,792)
Capital grants, contributions, and other	774,114	985,649
Purchase of capital assets, net	<u>(23,228,962)</u>	<u>(33,847,683)</u>
Net cash used by capital and related financing activities	<u>(29,189,848)</u>	<u>(39,403,826)</u>
Cash flows from investing activities		
Investment income	25,525,951	23,376,781
Purchase of intangible asset	-	(1,057,134)
Change in other investments	(922,200)	29,398
Purchase of investments	(196,931,374)	(145,788,255)
Proceeds from sale of investments	<u>160,879,779</u>	<u>150,786,158</u>
Net cash provided (used) by investing activities	<u>(11,447,844)</u>	<u>27,346,948</u>
Net increase (decrease) in cash and cash equivalents	(4,980,000)	33,996,010
Cash and cash equivalents, beginning of year	<u>35,408,191</u>	<u>1,412,181</u>
Cash and cash equivalents, end of year	<u>\$ 30,428,191</u>	<u>\$ 35,408,191</u>

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows, Continued

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	\$ 17,003,694	\$ 20,899,060
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation expense	26,306,823	26,569,986
Amortization expense	495,662	480,685
Amortization of advanced refunding	639,391	674,552
Loss on disposal of capital assets	529,196	262,995
Provision for bad debts	42,620,754	50,496,243
Changes in assets and liabilities		
Patient accounts receivable, net	(39,264,532)	(54,589,605)
Other current assets	323,960	(3,151,440)
Other assets	(9,206,964)	(6,200,596)
Accounts payable	(1,922,389)	(480,910)
Accrued pay roll and other accrued expenses	(2,185,691)	5,929,998
Other liabilities	1,412,453	7,270,250
Net cash provided by operating activities	<u>\$ 36,752,357</u>	<u>\$ 48,161,218</u>
Supplemental schedule of noncash activities		
Interest cost capitalized	<u>\$ 318,655</u>	<u>\$ 681,211</u>
Unrealized gains (losses) on investments, net	<u>\$ 21,889,353</u>	<u>\$ (26,444,967)</u>
Unrealized gains (losses) on interest rate swaps	<u>\$ 2,774,056</u>	<u>\$ (2,713,882)</u>
Capital asset additions included in accounts payable	<u>\$ 1,307,457</u>	<u>\$ 2,527,498</u>

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

**CAROMONT HEALTH, INC.
AND AFFILIATES**

Notes to the Combined Financial Statements

June 30, 2013 and 2012

1 Description of Organization and Summary of Significant Accounting Policies

Organization – CaroMont Health, Inc and Affiliates (the “Parent”) is a North Carolina nonprofit corporation and serves as the parent corporation for a health care delivery system currently composed of controlled affiliates which are providers of health care and ancillary services. The Parent and its wholly-owned and controlled affiliates are referred to as the “System”. The System serves the City of Gastonia, Gaston County and surrounding counties in North and South Carolina.

The combined financial statements of CaroMont Health, Inc and Affiliates include the accounts of the Parent and its wholly-owned and controlled affiliates: Gaston Memorial Hospital, Incorporated, d/b/a CaroMont Regional Medical Center (“Hospital”), CaroMont Health Services, Inc, (“CHS”), Gaston Memorial Hospital Foundation, Inc, d/b/a CaroMont Health Foundation (“Foundation”), CaroMont Medical Group, Inc, (“CMG”), Hospice of Gaston County, Inc, (“Hospice”), CaroMont Insurance Services, LTD, and CaroMont Occupational Medicine, LLC. The Hospital is a North Carolina nonprofit corporation and operates a 435-bed acute care community hospital. The Hospital generated approximately 84% of the System’s total gross patient charges in 2013 and 2012.

Gaston County (the “County”) has leased the buildings and surrounding land to the Parent and the Hospital for a nominal amount per year. The current lease continues through April 29, 2035 and is thereafter automatically renewed for one-year terms until either party terminates the lease.

The Parent is governed by a board of directors (“the Board”) whose members are appointed by the Board of Commissioners of the County. The Board appoints the board of directors of each of the affiliated entities. Further, each affiliated entity is controlled by the Board and operates for the benefit of the community served by the System. Accordingly, the affiliated entities are reported as blended component units of the Parent.

Enterprise funds are used to account for the System’s ongoing activities. Significant intercompany accounts and transactions have been eliminated in the combination of these funds. The proprietary fund method of accounting is used for the enterprise funds whereby revenue and expenses are recognized on the accrual basis.

Basis of Presentation – The accompanying combined financial statements have been prepared in accordance with the principles contained in the applicable governmental accounting standards.

Accounting Standards – Pursuant to Governmental Accounting Standards Board (“GASB”) Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the System will only recognize GASB statements as authoritative guidance. Financial Accounting Standards Board (“FASB”) statements, including those issued after November 30, 1989 and AICPA pronouncements will no longer be authoritative and may be used as non-authoritative guidance.

Pursuant to GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the System has retroactively changed the presentation of the combined financial statements to distinguish deferred outflows of resources from assets and deferred inflows of resources from liabilities. The statement also identifies net position as the residual of all other elements presented on the combined balance sheets (previously known as net assets).

Pursuant to GASB Statement No 65, *Items Previously Reported as Assets and Liabilities* - This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The use of the term deferred should be limited to items reported as deferred outflows or resources or deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Accounting changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements for all periods presented.

As it relates to the System, the deferred loss from the refunding of debt will no longer be presented as a reduction to long-term debt as it will be reported as deferred outflows of resources. Additionally, debt issuance costs, except for prepaid insurance, will be recorded as an expense and no longer capitalized and amortized. This will reduce amortization expense in the fiscal year ended June 30, 2013, by approximately \$311,000, reduce total assets for June 30, 2013 by approximately \$4,132,000 and reduce the beginning unrestricted net position for the same period by approximately \$4,443,000.

Use of Estimates – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined 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 – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with donors.

Deposits – All deposits of the System are made in board-designated official depositories

The System maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (“FDIC”) At various times throughout the year, the System may maintain bank account balances in excess of FDIC insured limits At June 30, 2013 and 2012, the System’s deposits had a carrying amount of approximately \$30,406,000 and \$35,387,000, respectively, and a bank balance of approximately \$34,294,000 and \$40,684,000, respectively The System had cash on hand of approximately \$22,000 at June 30, 2013 and \$21,000 at June 30, 2012

Patient Accounts Receivable – Allowances for uncollectible accounts are computed based on statistical information from current and prior years’ experience The System grants credit to patients without collateral, substantially all of whom are from the surrounding area

Inventories of Drugs and Supplies – Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out method) or market Market is considered to be net realizable value

Assets Limited as to Use – Assets limited as to use include assets held by trustees under indenture agreements, assets given by donors for specific capital projects or scholarships, and assets set aside by the Board for future capital improvements

Investments in Debt and Equity Securities – Investments are stated at fair value, except for private equities which are stated at lower of cost or market Interest, dividends, gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenues (expenses) when earned

Capital Assets – Capital asset acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method Equipment under capital lease obligations is amortized over the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the combined financial statements

Costs of Borrowing – Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Deferred financing costs are amortized over the period the obligation is outstanding The accumulated amortization at June 30, 2013 and 2012 was approximately \$2,352,000 and \$2,041,000, respectively

Other Long-Term Assets – Other long-term assets include goodwill, investments in joint ventures, interest rate swaps held as investments, and other long-term assets Goodwill represents the costs of purchasing healthcare entities in excess of the book value of the assets acquired Such amounts are considered for impairment based on both qualitative and quantitative approaches as appropriate As of June 30, 2013 and 2012, goodwill has a

carrying amount of approximately \$5,835,000. No impairment was recorded in the year ended June 30, 2013 or 2012, respectively. Investments in joint ventures are accounted for under either the cost or equity method in accordance with generally accepted accounting principles.

Deferred Outflows – Deferred outflows of resources represent a consumption of net position that applies to a future period. The System has an effective interest rate swap that meets the criterion for this classification.

Restricted Assets – Restricted assets of the System consist of cash and investments held for specific purposes as designated by donors of these assets. Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted fund.

Net Position – Net position of the System is classified in three components. *Net position invested in capital assets, net of related debt* consists of capital assets (restricted and unrestricted), net of accumulated depreciation plus deferred financing costs net of accumulated amortization, and reduced by the outstanding borrowings attributable to the acquisition, construction, or improvement of these assets. *Restricted net position* is noncapital assets that must be used for a particular purpose, as specified by grantors or contributors external to the System. *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital, net of related debt* or *restricted*.

Net Patient Service Revenue – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive revenue adjustments due to future audits and reviews. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits or reviews.

Charity Care – The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates. The System does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue. The amounts of direct and indirect costs foregone for services and supplies furnished under the System's charity care policy totaled approximately \$17,884,000 and \$19,435,000 for the years ended June 30, 2013 and 2012, respectively, and is based on a ratio of the System's total operating expenses to its gross patient charges.

Operating Revenue and Expenses – The System's combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from transactions associated with providing health care services, the System's principal activity. Operating expenses are all expenses incurred to provide health care services, including interest expense.

Grants and Contributions – From time to time, the System receives grants and contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Functional Expense Classification – Substantially all expenses in the accompanying combined statements of revenues, expenses and changes in net position were incurred for or related to the provision of health care services by the System.

Income Taxes – The System is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The System has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2013 and 2012, respectively. Fiscal years ending on or after June 30, 2010 remain subject to examination by federal and state tax authorities.

Risk Management – The System is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the preceding years.

2 **Net Patient Service Revenue**

Under certain third-party payor arrangements, the System is reimbursed on predetermined or prospectively determined rates or cost reimbursement methodologies, which are generally less than the System's customary charges. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute-care services, outpatient services, and capital costs are paid at prospectively determined rates per discharge/service. The System is reimbursed for Disproportionate Share and Medicare Bad Debts at a tentative rate with final settlement determined after submission of separate annual cost reports by the System and audits thereof by the Medicare fiscal intermediary. The System's Medicare cost reports have been settled by the Medicare fiscal intermediary through the year ended June 30, 2009. Medicare net patient service revenue was approximately 33% of total net patient service revenue for the years ended June 30, 2013 and 2012.

Medicaid – Acute inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge or service. Inpatient services provided on the psychiatric unit of the hospital are paid based on a per diem methodology. Outpatient services rendered by the System are reimbursed under either a cost reimbursement or fee for service methodology. The cost reimbursement methodology reimburses the System at a tentative rate with final settlement determined after submission and subsequent audit of the annual cost report. The System's Medicaid cost reports have been settled by Medicaid through the year ended June 30, 2008. Medicaid net patient service revenue was approximately 8% and 9% of total net patient service revenue for the years ended June 30, 2013 and 2012, respectively.

Other – The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and Medicare managed care plans. The bases for payments to the System under these agreements include prospectively determined rates per discharge, prospectively determined daily rates, prospectively determined rates per procedure, and discounts from established charges.

During the year ended June 30, 2013, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately \$1,623,000 consisting of the final settlements of the 2007 amended Medicare cost report, 2008 & 2009 Medicare cost reports, 2008 Medicaid cost report, and the 2012 Champus cost report. During the year ended June 30, 2012, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately \$78,000 consisting of the final settlement of the 2011 Champus cost report. In the opinion of management, adequate provisions have been made for adjustments, if any, that may result from audits of the 2009 through 2013 unaudited cost reports.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Gross patient charges, contractual adjustments, charity care, provision for bad debts and net patient service revenue for years ended June 30, 2013 and 2012 is set forth in the following table:

	<u>2013</u>	<u>2012</u>
Gross patient charges	\$ 1,371,396,467	\$ 1,319,621,264
Contractual adjustments	(802,790,120)	(738,235,793)
Charity care	(52,509,330)	(54,820,389)
Provision for bad debts	(42,620,754)	(50,496,243)
Net patient service revenue	<u>\$ 473,476,263</u>	<u>\$ 476,068,839</u>

HITECH Funding for Meaningful Use of Electronic Health Records (“EHR”) - The System recognizes revenue for incentives earned under the Medicare and Medicaid programs in the period in which it is reasonably assured that it will comply with the applicable EHR meaningful use requirements. Incentive revenues are recognized ratably over the applicable meaningful use demonstration period. Incentive payments received under the Medicare program include a discharge-related portion, which is calculated by Centers for Medicare & Medicaid Services (“CMS”) based on the Hospital’s most recently filed cost report. Such amounts are subject to adjustment at the time of settling the 12-month cost report for the Hospital’s fiscal year that begins after the beginning of the payment year.

The Hospital achieved compliance with the Year 1 meaningful use requirements under the Medicare program during fiscal year 2012 and, accordingly, recognized other revenues of approximately \$473,000 and \$2,011,000 for the years ended June 30, 2013 and June 30, 2012, respectively. The Hospital achieved compliance with the Year 1 meaningful use requirements under the Medicaid program during fiscal year 2012 and, accordingly, recognized other revenues of approximately \$61,000 and \$1,230,000 for the years ended June 30, 2013 and June 30, 2012, respectively.

Various CMG physician clinics achieved compliance with Year 1 or Year 2 meaningful use requirements under the Medicare program during fiscal year 2013 and, accordingly, recognized other revenues of approximately \$1,154,000 for the year ended June 30, 2013. Additionally, certain clinics achieved compliance with Year 1 meaningful use requirements under the Medicaid program during fiscal 2013 and, accordingly, recognized other revenues of approximately \$220,000 for the year ended June 30, 2013.

Medicaid Reimbursement Initiative – The Hospital participates in a voluntary Medicaid Reimbursement Initiative (the “Initiative”). The Initiative allows the Hospital to receive additional annual Medicaid funding. Initiative years run concurrent with the federal fiscal year, which is the period from October 1 through September 30. All Initiative payments have been approved by CMS and are subject to final settlement by the state of North Carolina. Due to the fact the Initiative payments are subject to final settlement by the State of North Carolina, refunding of the amounts received may be required. During the years ended June 30, 2013 and 2012, the System recognized approximately \$15,675,000 and \$14,424,000, respectively, of the amounts received each year under the Initiative as net patient service revenue. In addition, the System recognized approximately \$832,000 and \$887,000 during the years ended June 30, 2013 and 2012, respectively, of net patient revenue related to payments received in federal fiscal years 2005 and 2004 which had been held in reserve. During the years ended June 30, 2013 and 2012, the State of North Carolina made no settlements to the Initiative.

In April 2012, CMS approved a North Carolina Medicaid Assessment Plan (“MAP”) to reduce the gap between Medicaid/uninsured costs and payments retroactive to January 1, 2012. Hospitals that participate in the program pay an assessment fee and in turn receive a payment from the MAP. The System paid approximately \$3,488,000 and \$5,179,000, and, recognized approximately \$7,412,000 and \$11,185,000 for the years ended June 30, 2013 and June 30, 2012, respectively, under the MAP program. The net impact of approximately

\$3,924,000 and \$6,006,000 for the years ended June 30, 2013 and June 30, 2012, respectively, is included in income from operations on the combined statement of revenues, expenses, and changes in net position

3 **Patient Accounts Receivable and Payable**

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the System at June 30, 2013 and 2012 consisted of the following amounts

<u>Patient Accounts Receivable</u>	<u>2013</u>	<u>2012</u>
Receivable from patients	\$ 28,794,644	\$ 29,600,054
Receivable from third-party payors and other	24,571,947	29,132,593
Receivable from Medicare	14,159,940	14,528,004
Receivable from Medicaid	<u>4,869,458</u>	<u>4,788,239</u>
Total patient accounts receivable	72,395,989	78,048,890
Less allowance for uncollectible accounts	<u>20,997,294</u>	<u>23,293,972</u>
Net patient accounts receivable	<u>\$ 51,398,695</u>	<u>\$ 54,754,918</u>

Accounts Payable and Accrued Expenses

Payable to suppliers	\$ 32,538,880	\$ 33,263,640
Payable to or on behalf of employees	<u>33,087,637</u>	<u>28,948,160</u>
Total accounts payable and accrued expenses	<u>\$ 65,626,517</u>	<u>\$ 62,211,800</u>

4 **Investments**

The comparison of investments at June 30, 2013 and 2012 is set forth in the following table
Investments are stated at fair value

	<u>2013</u>	<u>2012</u>
Certificates of deposit	\$ 5,885,880	\$ 4,323,456
Cash	<u>84,250</u>	<u>240,316</u>
Investments	<u>\$ 5,970,130</u>	<u>\$ 4,563,772</u>

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2013 and 2012 is set forth in the following table. Investments are stated at fair value, except for private equities which are stated at lower of cost or market.

	<u>2013</u>	<u>2012</u>
Held by trustee under indenture agreements		
Cash and investments	\$ 2	\$ 3
Internally designated		
Structured notes/bonds	\$ 59,788,134	\$ 56,109,161
Money market accounts	3,409,533	6,197,120
Common stocks	109,521,397	114,793,174
Bond and stock mutual funds	209,944,753	174,011,866
Private equities	15,637,927	16,430,982
Hedge funds (absolute return)	98,526,806	87,886,788
Stock and bond exchange traded funds	26,188,261	9,043,885
Total	<u>\$ 523,016,811</u>	<u>\$ 464,472,976</u>
Donor restricted		
Cash and investments	<u>\$ 3,097,000</u>	<u>\$ 5,106,950</u>

At June 30, 2013 and 2012, the System had structured notes/bonds with fixed maturity dates as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Investment in Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10</u>
<i>June 30, 2013</i>					
Structured notes/ bonds	\$ 59,788,134	\$ 3,308,940	\$ 32,958,429	\$ 22,638,949	\$ 881,816
<i>June 30, 2012</i>					
Structured notes/ bonds	\$ 56,109,161	\$ 3,053,191	\$ 39,323,431	\$ 12,768,223	\$ 964,316

Interest Rate Risk – As a means of limiting its exposure to fair value losses as a result of rising interest rates, the System generally invests in obligations with varying maturity dates.

Credit Risk – The System's investment policy regarding credit risk does limit the System to certain investments.

Concentration of Credit Risk – The System places limits on the amount it may invest in any one asset class. At June 30, 2013 and 2012, the majority of the System's investments are held in common stocks and bond and stock mutual funds.

6 **Capital Assets**

Capital asset additions, retirements, transfers, and balances for the years ended June 30, 2013 and 2012 are as follows

	Balance June 30, 2012	Additions	Transfers	Retirements	Balance June 30, 2013
Capital assets					
Non-depreciable capital assets					
Land	\$ 5,474,239	\$ -	\$ 842,233	\$ -	\$ 6,316,472
Construction in Progress	<u>14,416,929</u>	<u>24,546,274</u>	<u>(31,315,279)</u>	<u>-</u>	<u>7,647,924</u>
	<u>19,891,168</u>	<u>24,546,274</u>	<u>(30,473,046)</u>	<u>-</u>	<u>13,964,396</u>
Depreciable capital assets					
Land improvements	5,349,220	-	416,250	4,219,902	1,545,568
Buildings and improvements	291,253,388	-	13,198,326	19,480,151	284,971,563
Equipment	<u>214,682,703</u>	<u>-</u>	<u>16,858,470</u>	<u>26,777,726</u>	<u>204,763,447</u>
	<u>511,285,311</u>	<u>-</u>	<u>30,473,046</u>	<u>50,477,779</u>	<u>491,280,578</u>
Totals at historical costs	<u>531,176,479</u>	<u>24,546,274</u>	<u>-</u>	<u>50,477,779</u>	<u>505,244,974</u>
Less accumulated depreciation for					
Land improvements	4,887,419	105,840	723	4,219,902	774,080
Buildings and improvements	132,402,675	12,244,650	3,644	19,476,128	125,174,841
Equipment	<u>159,507,986</u>	<u>13,956,333</u>	<u>(4,367)</u>	<u>26,242,698</u>	<u>147,217,254</u>
Total accumulated depreciation	<u>296,798,080</u>	<u>26,306,823</u>	<u>-</u>	<u>49,938,728</u>	<u>273,166,175</u>
Capital assets, net	<u>\$ 234,378,399</u>	<u>\$ (1,760,549)</u>	<u>\$ -</u>	<u>\$ 539,051</u>	<u>\$ 232,078,799</u>

	Balance June 30, 2011	Additions	Transfers	Retirements	Balance June 30, 2012
Capital assets					
Non-depreciable capital assets					
Land	\$ 3,778,313	\$ -	\$ 1,695,926	\$ -	\$ 5,474,239
Construction in Progress	<u>11,841,959</u>	<u>36,437,336</u>	<u>(33,862,366)</u>	<u>-</u>	<u>14,416,929</u>
	<u>15,620,272</u>	<u>36,437,336</u>	<u>(32,166,440)</u>	<u>-</u>	<u>19,891,168</u>
Depreciable capital assets					
Land improvements	5,041,474	-	307,746	-	5,349,220
Buildings and improvements	289,187,879	-	7,490,226	5,424,717	291,253,388
Equipment	<u>218,276,735</u>	<u>-</u>	<u>24,368,468</u>	<u>27,962,500</u>	<u>214,682,703</u>
	<u>512,506,088</u>	<u>-</u>	<u>32,166,440</u>	<u>33,387,217</u>	<u>511,285,311</u>
Totals at historical costs	<u>528,126,360</u>	<u>36,437,336</u>	<u>-</u>	<u>33,387,217</u>	<u>531,176,479</u>
Less accumulated depreciation for					
Land improvements	4,820,919	66,500	-	-	4,887,419
Buildings and improvements	125,709,305	12,041,083	-	5,347,713	132,402,675
Equipment	<u>172,759,937</u>	<u>14,462,403</u>	<u>-</u>	<u>27,714,354</u>	<u>159,507,986</u>
Total accumulated depreciation	<u>303,290,161</u>	<u>26,569,986</u>	<u>-</u>	<u>33,062,067</u>	<u>296,798,080</u>
Capital assets, net	<u>\$ 224,836,199</u>	<u>\$ 9,867,350</u>	<u>\$ -</u>	<u>\$ 325,150</u>	<u>\$ 234,378,399</u>

As of June 30, 2013, the System has signed contracts for approximately \$11,786,000 for various projects of which \$4,398,000 remains unfulfilled. The projects are expected to be completed at various times through fiscal year 2014. As of June 30, 2013, the System had approximately \$1,307,000 accrued on the balance sheet related to construction projects.

7 **Long-Term Debt**

A schedule of changes in the System's long-term debt for the years ended June 30, 2013 and 2012 follows

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2013</u>
Bonds and notes pay able				
Bonds pay able	\$ 212,970,000	\$ -	\$ 6,735,000	\$ 206,235,000
Add				
Premium	872,901			786,817
Less				
Unamortized loss on advance refunding	6,378,040			5,652,564
Current installments	<u>6,735,000</u>			<u>6,255,000</u>
Net total long-term debt	\$ <u>200,729,861</u>			\$ <u>195,114,253</u>
	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2012</u>
Bonds and notes pay able				
Bonds pay able	\$ 219,510,000	\$ -	\$ 6,540,000	\$ 212,970,000
Line of credit	-	19,800,000	19,800,000	-
Capital leases	<u>1,792</u>	<u>-</u>	<u>1,792</u>	<u>-</u>
Total debt	219,511,792	\$ <u>19,800,000</u>	\$ <u>26,341,792</u>	212,970,000
Add				
Premium	964,897			872,901
Less				
Unamortized loss on advance refunding	7,144,588			6,378,040
Current installments	<u>6,541,792</u>			<u>6,735,000</u>
Net total long-term debt	\$ <u>206,790,309</u>			\$ <u>200,729,861</u>

The Series 2003 and Series 2008 Bonds are payable from operating revenues of the Parent, the Hospital, and CHS (collectively the Obligated Group), as defined by the indenture

Series 2008

On January 31, 2008, The North Carolina Medical Care Commission issued \$118,400,000 of Series 2008 Hospital Revenue Bonds ("Series 2008 Bonds") as variable rate bonds bearing interest determined weekly by a remarketing agent. The Series 2008 Bonds mature February 15, 2035. The System used the proceeds from the bonds for various capital improvements, including, but not limited to, the renovation of certain floors of the patient tower, renovation of the day of surgery unit, installation of fire sprinklers in non-sprinkled areas, and the upgrade of life safety and critical power. In addition, the Hospital used the proceeds to refund the aggregate principal amount of the Series 1995 Revenue Bonds in the amount of \$41,210,000 and to refund the aggregate principal amount of the Series 1998 Revenue Bonds in the amount of \$49,710,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the Refunded 1995 and 1998 Bonds, including unamortized financing cost, of approximately \$3,643,000. This difference, reported in the accompanying combined financial statements as a deduction from bonds payable, will be charged to interest expense through the year 2029 using the effective interest method. Payment of the purchase price of any 2008 Bonds that were tendered for purchase and not timely remarketed, under certain circumstances and subject to certain conditions, would be made with money advanced under a Standby Bond Purchase Agreement. The Standby Bond Purchase Agreement did not secure the payment of principal or interest on the Bonds. Scheduled payments of principal and interest on the Bonds are guaranteed under a financial guaranty insurance policy. The policy guarantees only the payment when due of principal and interest on the Bonds and does not guaranty the purchase of any Bonds that an owner elects to tender for purchase.

On September 1, 2010, the North Carolina Medical Care Commission converted the Series 2008 bonds with an aggregate balance of \$106,460,000 to a fixed mode which bears interest at fixed rates ranging from 0.580% to 4.625%. Interest is payable on February 15 and August 15. The Standby Bond Purchase Agreement was terminated simultaneously with the conversion of the bonds. The financial guaranty insurance policy remains in place.

Series 2003

On January 23, 2003, The North Carolina Medical Care Commission issued \$120,000,000 of Series 2003 Hospital Revenue Bonds ("Series 2003 Bonds"). The Series 2003 Bonds mature August 15, 2034. The System used the proceeds from these bonds for various capital improvements, including, but not limited to, a new women's center and parking deck, renovations to existing facilities, and equipment. In addition, proceeds were used to refund in advance of their maturities \$17,000,000 in principal amount of the Series 1998 Hospital Revenue Bonds (Refunded 1998 Bonds). The 2003 Bonds were issued in a weekly rate period in the R-FLOATS mode and bore an interest rate at the applicable percentage of the BMA Municipal Swap Index. The scheduled payment of principal and interest on the Bonds is guaranteed under a financial guaranty insurance policy.

On May 9, 2006, all of the outstanding Series 2003 bonds (\$119,800,000) were converted from the weekly rate period in the R-FLOATS mode to the short term auction rate period in a seven-day mode. The bonds were subject to mandatory tender for purchase on the auction rate conversion date at a purchase price equal to 100% of the principal amount of tendered bonds plus interest accrued and unpaid.

On June 27, 2008, the North Carolina Medical Care Commission converted \$119,600,000, the full outstanding amount of Series 2003 Hospital Revenue Bonds, to variable rate bonds bearing interest determined weekly by a remarketing agent and paid monthly. Payment of principal and interest was secured by a single, irrevocable, direct-pay letter of credit. The letter of credit was terminated on July 25, 2012. The financial guaranty insurance policy issued when the Series 2003 Bonds were originally issued remained in place.

On July 25, 2012, the System entered into a transaction to substitute the direct pay letter of credit on all of the outstanding Series 2003 bonds (\$119,200,000) with two letters of credit, one to support the Subseries A Bonds and one to support the Subseries B bonds. The letters of credit will expire on July 25, 2015. The financial guaranty policy issued when the Series 2003 Bonds were originally issued remains in place.

Derivative Instruments

The System entered into two interest rate swap agreements for a portion of the Series 2008 Bonds. As of June 30, 2013 and 2012, respectively, the first swap transaction has a notional amount equal to \$23,130,000 and \$26,595,000, requires the System to pay a fixed rate of 3.06% and the counterparty to pay 67% of the one-month London Inter-bank Offered Rate ("LIBOR"). As of June 30, 2013 and 2012, respectively, the second swap transaction has a notional amount equal to \$34,005,000 and \$37,175,000, and requires the System to pay a fixed rate of 3.221% and the counterparty to pay 67% of the one-month LIBOR.

The 2008 swap transactions were entered into on March 1, 2008 and are scheduled to terminate on February 15, 2019 and February 15, 2029, respectively. With the conversion of the Series 2008 Bonds to fixed interest rates, a new agreement was signed that requires the Obligated Group to terminate the swap within seven years, or earlier if the value of either swap transaction turns positive. Only the net difference in interest payments is actually exchanged with the counterparty. Management has not entered into interest rate swaps associated with the remaining amount of the Series 2008 bonds.

The swap arrangements qualified as an effective interest rate hedge. However, with the conversion of the Series 2008 Bonds to fixed interest rates, the swap no longer hedges the bonds, and as such, the related amount payable to the counterparty is included in other long-term assets on the combined balance sheets. The fair value of the swap at June 30, 2013 and 2012 was a liability of approximately \$5,488,000 and \$8,262,000, respectively. The counterparty is Aa3 rated by Moody's and AAA rated by Standard and Poor's.

The System entered into two interest rate swap agreements for the entire Series 2003 revenue bonds. The swap agreements have a combined notional amount equal to \$119,100,000 and \$119,200,000 as of June 30, 2013 and 2012, respectively, and both terminate on August 15, 2034. Based on the swap agreements, the System owes interest calculated at a fixed rate of 3.62% to the counterparty to the swaps. In return, the counterparty owes the System interest based on 67% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty.

The swap arrangements qualified as an effective interest rate hedge at June 30, 2013 and at June 30, 2012. The fair value of the swaps at June 30, 2013 and 2012 was a liability of approximately \$22,898,000 and \$34,779,000, respectively. The related amount payable to the counterparty is included in long-term liabilities along with the proper offsetting deferred charge included in deferred outflows on the combined balance sheets. The counterparty is Baa2 rated by Moody's and A- rated by Standard and Poor's.

Basis Risk - The System is exposed to basis risk on its interest rate swaps. Basis risk is the difference between the interest rates on the underlying bonds and 67% of one-month LIBOR. The System pays variable interest rates on its underlying bonds and receives 67% of one-month LIBOR on the swap, both short-term variable rates.

Termination Risk - The System or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If, at the time of termination, a hedging derivative instrument is in a liability position, the System would be liable to the counterparty for a payment equal to the liability.

Bond Covenants

Articles III and IV of the Master Trust Indentures and Articles IV, V, and VI of the Loan Agreements relating to the Series 2003 and Series 2008 bonds contain certain restrictive covenants including, but not limited to, the maintenance of a certain long-term debt service coverage ratio, as defined. In addition, the covenants impose limitations on the selling, leasing or conveying of substantial properties and on incurring any encumbrances, and prohibit establishing a security interest, pledge, or lien against any assets without the permission of the lenders.

The System continues to pay interest to the bondholders at the variable rates and fixed rates provided by the bonds. However, during the terms of the swap agreements, the System effectively pays a fixed rate on the Series 2003 Bonds. The debt service requirements to maturity for the portion of the bonds that are swapped are based on the fixed rate of 3.62% and is included in the debt service table that follows. The System will be exposed to additional variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the System making or receiving a termination payment.

Future principal and interest payments under the Obligated Group's bonds payable agreements are:

Year ending June 30	Principal Payments	Interest Payments	Total Debt Service
2014	\$ 6,255,000	\$ 7,904,993	\$ 14,159,993
2015	6,450,000	7,587,972	14,037,972
2016	6,650,000	7,388,023	14,038,023
2017	6,860,000	7,149,140	14,009,140
2018	7,075,000	6,868,914	13,943,914
2019 – 2023	40,390,000	29,611,237	70,001,237
2024 – 2028	49,665,000	20,697,600	70,362,600
2029 – 2033	57,255,000	10,577,962	67,832,962
2034 – 2035	<u>25,635,000</u>	<u>943,289</u>	<u>26,578,289</u>
	<u>\$ 206,235,000</u>	<u>\$ 98,729,130</u>	<u>\$ 304,964,130</u>

Total interest expense for the years ended June 30, 2013 and 2012 was approximately \$8,874,000 and \$8,949,000, respectively. Total interest paid for the years ended June 30, 2013 and 2012 was approximately \$8,709,000 and \$8,956,000, respectively. Interest costs capitalized for the years ended June 30, 2013 and 2012 were approximately \$319,000 and \$681,000, respectively.

The System has a line of credit of \$7,500,000 with interest at 1.25% above the LIBOR daily floating rate. The line of credit is unsecured. The line of credit expires July 31, 2014.

The System has a margin line with the trustee of their investment portfolio with interest at 0.75% above the monthly LIBOR rate. The margin line is secured by the investment portfolio. The maximum amount available varies depending on the value of the liquid assets in the portfolio.

8 **Leases**

The System leases various equipment and facilities under operating leases expiring at various dates through 2027. Rent expense under these leases totaled approximately \$10,717,000 and \$10,327,000 for the years ended June 30, 2013 and 2012, respectively.

Minimum annual lease payments for years subsequent to June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	
2014	\$ 7,661,795
2015	6,452,217
2016	4,871,325
2017	4,264,909
2018	3,861,407
2019-2023	12,145,839
2024-2027	2,440,489
	<u>\$ 41,697,981</u>

9 **Professional Liability Coverage**

The System is involved in litigation in the ordinary course of business related to professional liability claims. Management and counsel for the System believe all claims will be settled within the limits of insurance coverage. Prior to February 1, 2011, the System's medical malpractice coverage was on a claims-made basis with insurance limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate. On February 1, 2011, the Parent formed a captive insurance company for the primary layer of general and professional liability insurance. After February 1, 2011, the System's medical malpractice coverage is on a claims-made basis with insurance limits of \$2,000,000 per occurrence and \$6,000,000 in the aggregate.

10 **Pension Plan****Pension Plan Description**

The Plan is a single-employer defined benefit pension plan, which provides for retirement, death, and disability benefits to plan participants and beneficiaries. The Parent reserves the right to amend the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the System fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the plan participants based upon a priority allocation procedure. The System shall be liable for any unfunded vested benefits to the extent required by law. The Plan was modified in the plan year ending December 31, 2005 to not allow new employees hired after January 1, 2005 to participate in the Plan. The Plan was frozen effective March 31, 2013. The Plan issues a stand-alone financial report which can be obtained upon request from the Parent. The plan year is from January 1 to December 31 and actuarial assumptions and other information is presented based on plan years ending December 31, 2012 and 2011.

Funding Policy

The contributions of the System to the Plan meet the ERISA minimum funding requirements. The entire cost of the Plan is borne by the System. Plan members are not required to contribute to the Plan. The System contributes at an actuarially determined rate. The System contributed approximately \$10,285,000 and \$9,503,000 to the Plan for the System's fiscal years ended June 30, 2013 and 2012, respectively.

	<u>2013</u>	<u>2012</u>
Actuarial value of plan assets	\$ 123,087,258	\$ 115,660,238
Accumulated benefit obligation for service	<u>120,122,837</u>	<u>110,652,953</u>
Funded status of the plan	<u>\$ 2,964,421</u>	<u>\$ 5,007,285</u>

Annual Pension Cost and Net Prepaid Pension Obligation

The System's annual pension cost and net prepaid pension obligation to the Plan for the System's fiscal years ended June 30, 2013 and 2012 were approximately

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ (2,052,000)	\$ (3,721,000)
Interest on net pension obligation	2,904,000	2,526,000
Adjustment to annual required contribution	<u>(3,343,000)</u>	<u>(2,908,000)</u>
Annual pension cost	(2,491,000)	(4,103,000)
Contributions made	<u>10,285,000</u>	<u>9,503,000</u>
Increase in net prepaid pension obligation	7,794,000	5,400,000
Net prepaid pension obligation beginning of year	<u>41,485,000</u>	<u>36,085,000</u>
Net prepaid pension obligation end of year	<u>\$ 49,279,000</u>	<u>\$ 41,485,000</u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return, (b) 3.0% inflation rate and (c) projected salary increases of 3% through 2012 and then 0% annually thereafter. The Projected Unit Credit cost method is used to determine the actuarial value of assets as part of the funding method. The unfunded actuarial accrued liability is being amortized over an open 30 year period.

Other Benefits

The System also has a retirement savings plan under Section 403(b) of the Internal Revenue Code which is available to all employees of the System. Employee contributions are made through payroll deductions authorized by the employee and are based upon the employee's annual compensation. Up until April 7, 2013, employer matching contributions were made for eligible employee contributions 100% of the first 3% contributed. Additionally, employees hired after January 1, 2005 received a non-elective contribution of 1% of the employee's annual compensation. Effective April 7, 2013, the System implemented a new unified retirement program for all employees consisting of automatic annual contributions and an enhanced matching contribution. Employees receive an automatic annual contribution between 1.5%-3.0% of their annual pay based on their years of service. Employer matching contributions are made for eligible employee contributions at 100% for the first 3% contributed and at 25% for the next 4% contributed. The System contributions to the plan expensed during the years ended June 30, 2013 and 2012 were approximately \$5,874,000 and \$4,343,000, respectively.

11 Medical Benefit

The System is self-insured for amounts up to a specified level for health and medical benefits for its employees. The estimated health and medical benefits liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims. The medical programs comprising the Plan include medical, dental, vision, stop loss, and prescription drug programs. The System paid approximately \$22,548,000 and \$22,693,000, respectively, in claims and expenses for the Plan for the years ended June 30, 2013 and 2012. As of June 30, 2013 and 2012, the System had recorded a liability of approximately \$4,311,000 and \$4,098,000, respectively, related to claims incurred but not reported. This is included in other accrued expenses on the combined balance sheet.

12 Restricted Net Position

Restricted net position excluding amounts restricted for debt service, are available for the following purposes at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Hospice Capital Campaign	\$ 253,274	\$ 2,477,161
Scholarship funds	2,834,938	2,621,640
Cancer Foundation	9,488	8,149
	<u>\$ 3,097,700</u>	<u>\$ 5,106,950</u>

13 Subsequent Events

Subsequent events have been evaluated through September 12, 2013, which is the date the combined financial statements were available to be issued.

CAROMONT HEALTH, INC. AND AFFILIATES

Employees' Pension Plan Required Supplementary Information

Schedule of Funding Progress (in \$000's)

Actuarial Valuation Date	Plan Assets at Fair Value (a)	Accrued Liability (b)	(Funded Asset)/ Unfunded Liability (b) - (a)	Funded Ratio (a) / (b)	Payroll (c)	Unfunded % Payroll ((b) - (a)) / (c)
01/01/95	\$ 26,613	\$ 26,859	\$ 246	99.1%	\$ 51,924	0.5%
01/01/96	33,583	30,502	(3,081)	110.1%	55,886	-5.5%
01/01/97	36,985	34,846	(2,139)	106.1%	60,538	-3.5%
01/01/98	41,675	36,900	(4,775)	112.9%	63,207	-7.6%
01/01/99	45,254	40,590	(4,664)	111.5%	65,466	-7.1%
01/01/00	47,177	45,662	(1,515)	103.3%	68,890	-2.2%
01/01/01	61,151	52,123	(9,028)	117.3%	70,892	-12.7%
01/01/02	64,308	54,748	(9,560)	117.5%	79,016	-12.1%
01/01/03	61,243	61,363	120	99.8%	90,836	0.1%
01/01/04	66,089	68,268	2,179	96.8%	107,632	2.0%
01/01/05	69,634	64,422	(5,212)	108.1%	119,978	-4.3%
01/01/06	72,611	67,406	(5,205)	107.7%	119,240	-4.4%
01/01/07	77,095	72,495	(4,600)	106.3%	115,214	-4.0%
01/01/08	93,849	80,230	(13,619)	117.0%	110,532	-12.3%
01/01/09	88,764	83,151	(5,613)	106.8%	105,501	-5.3%
01/01/10	102,662	103,579	917	99.1%	100,480	0.9%
01/01/11	115,660	110,653	(5,007)	104.5%	99,521	-5.0%
01/01/12	123,087	120,123	(2,964)	102.5%	93,419	-3.2%

NOTES TO THE REQUIRED SCHEDULE

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	Rolling 30 year period
Remaining amortization period	30 years
Asset valuation method	Five-year smoothing method
Actuarial assumptions	
Investment rate of return *	7.0%
Projected salary increases *	3% through 2012; 0.0% thereafter
* Includes inflation at	3.0%
Cost of living adjustments	N/A

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates
Balance Sheet Information of Obligated Group
June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 30,130,320	\$ 34,570,502
Patient accounts receivable, net of allowance for uncollectible accounts	44,919,738	46,217,548
Other accounts receivable, net	5,621,473	6,092,864
Inventories of drugs and supplies	6,870,983	6,427,281
Prepaid expenses	9,382,675	9,982,612
Total current assets	<u>96,925,189</u>	<u>103,290,807</u>
Assets limited as to use		
Internally designated	443,319,266	377,665,712
Held by trustee	2	3
Donor restricted	9,488	8,149
Total assets limited as to use	<u>443,328,756</u>	<u>377,673,864</u>
Capital assets		
Non-depreciable capital assets	11,416,994	19,541,141
Depreciable capital assets, net of accumulated depreciation	202,595,287	202,617,701
Total capital assets, net of accumulated depreciation	<u>214,012,281</u>	<u>222,158,842</u>
Other assets		
Prepaid pension obligation	49,278,966	41,484,454
Deferred financing costs, net	4,131,992	4,443,036
Other long-term assets	8,715,766	3,625,210
Total other assets	<u>62,126,724</u>	<u>49,552,700</u>
Total assets	<u>816,392,950</u>	<u>752,676,213</u>
 <u>Deferred Outflows</u>		
Interest rate swaps	<u>22,897,786</u>	<u>34,779,242</u>
Total assets and deferred outflows	<u>\$ 839,290,736</u>	<u>\$ 787,455,455</u>

Continued

CaroMont Health, Inc. and Affiliates
Balance Sheet Information of Obligated Group, Continued
June 30, 2013 and 2012

<u>Liabilities</u>	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 13,360,517	\$ 14,707,121
Accrued payroll and related liabilities	21,001,974	18,046,413
Estimated third-party pay or settlements	33,058,834	39,145,470
Other accrued expenses	17,191,669	16,031,816
Current installments of long-term debt	6,255,000	6,735,000
Total current liabilities	<u>90,867,994</u>	<u>94,665,820</u>
Long-term debt, excluding current installments, net	195,114,253	200,729,861
Interest rate swaps	22,897,786	34,779,242
Other long-term liabilities	6,555,412	5,142,963
Total long-term liabilities	<u>224,567,451</u>	<u>240,652,066</u>
Total liabilities	<u>315,435,445</u>	<u>335,317,886</u>
 <u>Net Position</u>		
Invested in capital assets, net of related debt	16,775,020	19,137,017
Restricted		
For debt service	2	3
For specific operating purposes	9,488	8,149
Unrestricted	507,070,781	432,992,400
Total net position	<u>523,855,291</u>	<u>452,137,569</u>
Total liabilities and net position	<u>\$ 839,290,736</u>	<u>\$ 787,455,455</u>

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates
Statement of Revenues, Expenses and Changes in Net Position
Information of Obligated Group
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately \$38,595,000 in 2013 and \$46,504,000 in 2012	\$ 378,750,572	\$ 379,815,370
Other operating revenue	<u>8,218,470</u>	<u>11,252,716</u>
Total operating revenues	<u>386,969,042</u>	<u>391,068,086</u>
Operating expenses		
Salaries and wages	145,632,834	140,986,250
Employee benefits	35,386,648	35,050,041
Fees	18,129,477	17,169,391
Supplies and drugs	76,663,853	75,590,362
Purchased services	35,981,356	38,220,188
Other	9,532,562	11,993,334
Interest expense	8,874,005	8,949,262
Depreciation and amortization	<u>24,708,336</u>	<u>25,275,156</u>
Total operating expenses	<u>354,909,071</u>	<u>353,233,984</u>
Income from operations	<u>\$ 32,059,971</u>	<u>\$ 37,834,102</u>

Continued

CaroMont Health, Inc. and Affiliates
Statement of Revenues, Expenses and Changes in Net Position
Information of Obligated Group, Continued
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Income from operations	\$ 32,059,971	\$ 37,834,102
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	20,427,876	18,602,364
Unrealized gains (losses) on investments, net	18,174,948	(22,478,540)
Unrealized gains (losses) on interest rate swaps	2,774,056	(2,713,882)
Other nonoperating expenses	<u>(1,789,874)</u>	<u>(1,540,224)</u>
Net nonoperating revenues (expenses)	<u>39,587,006</u>	<u>(8,130,282)</u>
Excess of revenues over expenses	71,646,977	29,703,820
Equity transfer to (from) affiliates	<u>70,745</u>	<u>(395,233)</u>
Increase in net position	<u><u>\$ 71,717,722</u></u>	<u><u>\$ 29,308,587</u></u>

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates
Combining Balance Sheet Information
June 30, 2013

<u>Assets</u>	<u>Combined</u>	<u>Eliminations</u>	<u>CaroMont Health, Inc.</u>
Current assets			
Cash and cash equivalents	\$ 30,428,191	\$ -	\$ 30,118,603
Investments	5,970,130	-	-
Patient accounts receivable, net of allowance for uncollectible accounts	51,398,695	-	-
Other accounts receivable, net	5,813,598	(257,981)	136,382
Inventories of drugs and supplies	7,835,551	-	-
Prepaid expenses	9,525,707	-	-
Total current assets	<u>110,971,872</u>	<u>(257,981)</u>	<u>30,254,985</u>
Assets limited as to use			
Internally designated	523,016,811	-	443,319,266
Held by trustee	2	-	-
Donor restricted	3,097,700	-	-
Total assets limited as to use	<u>526,114,513</u>	<u>-</u>	<u>443,319,266</u>
Capital assets			
Non-depreciable capital assets	13,964,397	-	1,519,932
Depreciable capital assets, net of accumulated depreciation	218,114,402	-	-
Total capital assets, net of accumulated depreciation	<u>232,078,799</u>	<u>-</u>	<u>1,519,932</u>
Other assets			
Prepaid pension obligation	49,278,966	-	-
Deferred financing costs, net	4,131,992	-	-
Other long-term assets	11,942,239	(550,000)	(3,188,630)
Total other assets	<u>65,353,197</u>	<u>(550,000)</u>	<u>(3,188,630)</u>
 Total assets	 <u>934,518,381</u>	 <u>(807,981)</u>	 <u>471,905,553</u>
 <u>Deferred Outflows</u>			
Interest rate swaps	<u>22,897,786</u>	<u>-</u>	<u>-</u>
 Total assets and deferred outflows	 <u>\$ 957,416,167</u>	 <u>\$ (807,981)</u>	 <u>\$ 471,905,553</u>

See Independent Auditors' Report

<u>CaroMont Regional Medical Center</u>	<u>CaroMont Health Foundation</u>	<u>Combined CaroMont Health Services, Inc</u>	<u>Combined CaroMont Medical Group, Inc</u>	<u>Hospice of Gaston County, Inc</u>	<u>CaroMont Occupational Medicine, LLC</u>	<u>CaroMont Insurance Services, Ltd</u>
\$ 8 535	\$ 99 938	\$ 3 182	\$ 197 433	\$ 500	\$ -	\$ -
-	-	-	-	-	-	5 970 130
44 345 810	-	573 928	5 465 023	920 909	93 025	-
5 359 209	1 163	125 882	432 224	6 626	558	9 535
6 668 612	-	202 371	954 735	-	9 833	-
9 382 675	-	-	136 497	-	-	6 535
<u>65 764 841</u>	<u>101 101</u>	<u>905 363</u>	<u>7 185 912</u>	<u>928 035</u>	<u>103 416</u>	<u>5 986 200</u>
-	15 926 015	-	52 679 518	11 092 012	-	-
2	-	-	-	-	-	-
9 488	2 834 938	-	-	253 274	-	-
<u>9 490</u>	<u>18 760 953</u>	<u>-</u>	<u>52 679 518</u>	<u>11 345 286</u>	<u>-</u>	<u>-</u>
9 897 062	-	-	2 296 965	250 438	-	-
<u>188 673 502</u>	<u>-</u>	<u>13 921 785</u>	<u>6 827 350</u>	<u>8 666 301</u>	<u>25 464</u>	<u>-</u>
<u>198 570 564</u>	<u>-</u>	<u>13 921 785</u>	<u>9 124 315</u>	<u>8 916 739</u>	<u>25 464</u>	<u>-</u>
49 278 966	-	-	-	-	-	-
4 131 992	-	-	-	-	-	-
9 339 396	-	2 565 000	3 776 473	-	-	-
<u>62 750 354</u>	<u>-</u>	<u>2 565 000</u>	<u>3 776 473</u>	<u>-</u>	<u>-</u>	<u>-</u>
327 095 249	18 862 054	17 392 148	72 766 218	21 190 060	128 880	5 986 200
22 897 786	-	-	-	-	-	-
<u>\$ 349 993 035</u>	<u>\$ 18 862 054</u>	<u>\$ 17 392 148</u>	<u>\$ 72 766 218</u>	<u>\$ 21 190 060</u>	<u>\$ 128 880</u>	<u>\$ 5 986 200</u>

Continued

CaroMont Health, Inc. and Affiliates
Combining Balance Sheet Information, Continued
June 30, 2013

<u>Liabilities</u>	<u>Combined</u>	<u>Eliminations</u>	<u>CaroMont Health, Inc.</u>
Current liabilities			
Accounts payable	\$ 17,435,462	\$ -	\$ -
Accrued payroll and related liabilities	25,830,827	-	10,140,702
Estimated third-party payor settlements	33,058,834	-	-
Other accrued expenses	22,360,228	(257,981)	-
Current installments of long-term debt	6,255,000	-	-
Total current liabilities	<u>104,940,351</u>	<u>(257,981)</u>	<u>10,140,702</u>
Long-term debt, excluding current installments, net	195,114,253	-	-
Interest rate swaps	22,897,786	-	-
Other long-term liabilities	6,555,412	-	-
Total long-term liabilities	<u>224,567,451</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>329,507,802</u>	<u>(257,981)</u>	<u>10,140,702</u>
 <u>Net Position</u>			
Invested in capital assets, net of related debt	34,841,538	-	1,519,932
Restricted			
For debt service	2	-	-
For specific operating purposes	3,097,700	-	-
Unrestricted	589,969,125	(550,000)	460,244,919
Total net position	<u>627,908,365</u>	<u>(550,000)</u>	<u>461,764,851</u>
Total liabilities and net position	<u>\$ 957,416,167</u>	<u>\$ (807,981)</u>	<u>\$ 471,905,553</u>

See Independent Auditors' Report

<u>CaroMont Regional Medical Center</u>	<u>CaroMont Health Foundation</u>	<u>Combined CaroMont Health Services, Inc.</u>	<u>Combined CaroMont Medical Group, Inc.</u>	<u>Hospice of Gaston County, Inc.</u>	<u>CaroMont Occupational Medicine, LLC</u>	<u>CaroMont Insurance Services, Ltd.</u>
\$ 13,148,824	\$ 18,542	\$ 211,693	\$ 3,626,650	\$ 396,873	\$ 8,701	\$ 24,179
10,602,043	-	259,229	4,517,161	292,197	19,495	-
33,058,834	-	-	-	-	-	-
17,191,669	-	-	80,896	-	-	5,345,644
6,255,000	-	-	-	-	-	-
<u>80,256,370</u>	<u>18,542</u>	<u>470,922</u>	<u>8,224,707</u>	<u>689,070</u>	<u>28,196</u>	<u>5,369,823</u>
195,114,253	-	-	-	-	-	-
22,897,786	-	-	-	-	-	-
6,555,412	-	-	-	-	-	-
<u>224,567,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>304,823,821</u>	<u>18,542</u>	<u>470,922</u>	<u>8,224,707</u>	<u>689,070</u>	<u>28,196</u>	<u>5,369,823</u>
1,333,303	-	13,921,785	9,124,315	8,916,739	25,464	-
2	-	-	-	-	-	-
9,488	2,834,938	-	-	253,274	-	-
<u>43,826,421</u>	<u>16,008,574</u>	<u>2,999,441</u>	<u>55,417,196</u>	<u>11,330,977</u>	<u>75,220</u>	<u>616,377</u>
<u>45,169,214</u>	<u>18,843,512</u>	<u>16,921,226</u>	<u>64,541,511</u>	<u>20,500,990</u>	<u>100,684</u>	<u>616,377</u>
<u>\$ 349,993,035</u>	<u>\$ 18,862,054</u>	<u>\$ 17,392,148</u>	<u>\$ 72,766,218</u>	<u>\$ 21,190,060</u>	<u>\$ 128,880</u>	<u>\$ 5,986,200</u>

CaroMont Health, Inc. and Affiliates
Combining Statement of Revenues, Expenses and Changes in Net Position Information
Year Ended June 30, 2013

	<u>Combined</u>	<u>Eliminations</u>	<u>CaroMont Health, Inc.</u>
Operating revenues			
Gross patient service revenue			
Routine services	\$ 145,050,193	\$ -	\$ -
Special services	436,831,939	-	-
Outpatient services	789,514,335	(209,735)	-
	<u>1,371,396,467</u>	<u>(209,735)</u>	<u>-</u>
Less deductions from revenue			
Contractual adjustments	802,790,120	-	-
Charity care	52,509,330	-	-
Provision for bad debts	42,620,754	-	-
	<u>897,920,204</u>	<u>-</u>	<u>-</u>
Net patient service revenue	473,476,263	(209,735)	-
Other operating revenue (expense)	10,602,622	(2,759,520)	92,279
Total operating revenue (expense)	<u>484,078,885</u>	<u>(2,969,255)</u>	<u>92,279</u>
Operating expenses			
Salaries and wages	219,860,638	(92,044)	2,057,804
Employee benefits	47,830,691	-	174,284
Fees	15,586,266	(338,936)	(2,232,088)
Supplies and drugs	87,877,635	(59,150)	-
Purchased services	46,304,596	(295,463)	-
Other	13,938,875	(2,235,530)	-
Interest expense	8,874,005	-	-
Depreciation and amortization	26,802,485	-	-
Total operating expenses	<u>467,075,191</u>	<u>(3,021,123)</u>	<u>-</u>
Income (loss) from operations	17,003,694	51,868	92,279
Nonoperating revenues (expenses)			
Realized gains (losses) on investments, interest and dividends, net	25,525,951	-	22,289,733
Unrealized gains (losses) on investments, net	21,889,353	-	18,174,424
Unrealized gains on interest rate swaps	2,774,056	-	2,774,056
Other nonoperating revenues (expenses)	(1,094,665)	(51,868)	(2,000,076)
Net nonoperating revenues (expenses)	<u>49,094,695</u>	<u>(51,868)</u>	<u>41,238,137</u>
Excess of revenues over (under) expenses before capital grants, contributions, and other	66,098,389	-	41,330,416
Capital grants, contributions and other	774,114	-	-
Excess of revenues over (under) expenses	66,872,503	-	41,330,416
Equity transfer from (to) affiliates	-	-	18,528,292
Increase (decrease) in net position	<u>\$ 66,872,503</u>	<u>\$ -</u>	<u>\$ 59,858,708</u>

See Independent Auditors' Report

<u>CaroMont Regional Medical Center</u>	<u>CaroMont Health Foundation</u>	<u>Combined CaroMont Health Services, Inc.</u>	<u>Combined CaroMont Medical Group, Inc.</u>	<u>Hospice of Gaston County, Inc.</u>	<u>CaroMont Occupational Medicine, LLC</u>	<u>CaroMont Insurance Services, Ltd.</u>
\$ 134,889,282	\$ -	\$ 8,049,796	\$ -	\$ 2,111,115	\$ -	\$ -
431,986,450	-	4,845,489	-	-	-	-
585,494,103	-	23,580,012	170,372,179	9,483,145	794,631	-
<u>1,152,369,835</u>	<u>-</u>	<u>36,475,297</u>	<u>170,372,179</u>	<u>11,594,260</u>	<u>794,631</u>	<u>-</u>
699,681,087	-	23,291,913	79,549,252	235,958	31,910	-
48,495,231	-	31,671	3,716,758	265,670	-	-
38,424,175	-	170,483	3,939,488	81,957	4,651	-
<u>786,600,493</u>	<u>-</u>	<u>23,494,067</u>	<u>87,205,498</u>	<u>583,585</u>	<u>36,561</u>	<u>-</u>
365,769,342	-	12,981,230	83,166,681	11,010,675	758,070	-
7,844,155	-	282,036	2,295,259	361,442	35	2,486,936
<u>373,613,497</u>	<u>-</u>	<u>13,263,266</u>	<u>85,461,940</u>	<u>11,372,117</u>	<u>758,105</u>	<u>2,486,936</u>
138,375,174	89,044	5,199,856	68,752,681	5,166,400	311,723	-
33,739,248	-	1,473,116	11,019,252	1,327,778	97,013	-
19,859,767	1,305	501,798	(2,466,146)	73,881	120,627	66,058
73,977,279	17,499	2,686,574	10,308,872	897,968	48,593	-
34,909,772	19,798	1,071,584	9,262,783	1,213,879	68,175	54,068
9,364,761	13,677	167,801	2,748,677	1,626,983	21,989	2,230,517
8,874,005	-	-	-	-	-	-
23,638,352	-	1,069,984	1,750,594	332,221	11,334	-
<u>342,738,358</u>	<u>141,323</u>	<u>12,170,713</u>	<u>101,376,713</u>	<u>10,639,110</u>	<u>679,454</u>	<u>2,350,643</u>
30,875,139	(141,323)	1,092,553	(15,914,773)	733,007	78,651	136,293
(1,861,857)	876,845	-	3,659,307	548,933	-	12,990
524	1,010,973	-	2,949,019	(245,587)	-	-
-	-	-	-	-	-	-
221,082	1,156,732	(10,880)	(409,655)	-	-	-
<u>(1,640,251)</u>	<u>3,044,550</u>	<u>(10,880)</u>	<u>6,198,671</u>	<u>303,346</u>	<u>-</u>	<u>12,990</u>
29,234,888	2,903,227	1,081,673	(9,716,102)	1,036,353	78,651	149,283
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,114</u>	<u>-</u>	<u>-</u>
29,234,888	2,903,227	1,081,673	(9,716,102)	1,810,467	78,651	149,283
<u>(17,713,942)</u>	<u>-</u>	<u>(743,605)</u>	<u>-</u>	<u>-</u>	<u>(70,745)</u>	<u>-</u>
<u>\$ 11,520,946</u>	<u>\$ 2,903,227</u>	<u>\$ 338,068</u>	<u>\$ (9,716,102)</u>	<u>\$ 1,810,467</u>	<u>\$ 7,906</u>	<u>\$ 149,283</u>

CaroMont Health, Inc. and Affiliates
Combining Balance Sheet Information - CaroMont Health Services, Inc
June 30, 2013

	<u>Combined</u>	<u>Eliminations</u>	<u>CaroMont Health Services, Inc</u>	<u>CaroMont Specialty Surgeries</u>	<u>Courtland Terrace</u>	<u>Belmont Endoscopy</u>
<u>Assets</u>						
Current assets						
Cash and cash equivalents	\$ 3 182	\$ -	\$ -	\$ -	\$ 3 182	\$ -
Patient accounts receivable net of allowance for uncollectible accounts	573 928	-	-	-	573 928	-
Other accounts receivable net	125 882	-	-	93 222	32 256	404
Inventories of drugs and supplies	202 371	-	-	196 358	6 013	-
Total current assets	905 363	-	-	289 580	615 379	404
Capital assets						
Depreciable capital assets net of accumulated depreciation	13 921 785	-	-	6 856 735	3 976 132	3 088 918
Total capital assets net of accumulated depreciation	13 921 785	-	-	6 856 735	3 976 132	3 088 918
Other assets						
Other long-term assets	2 565 000	-	2 565 000	-	-	-
Total other assets	2 565 000	-	2 565 000	-	-	-
Total assets	\$ 17 392 148	\$ -	\$ 2 565 000	\$ 7 146 315	\$ 4 591 511	\$ 3 089 322
<u>Liabilities</u>						
Current liabilities						
Accounts payable	\$ 211 693	\$ -	\$ -	\$ 109 645	\$ 102 001	\$ 47
Accrued payroll and related liabilities	259 229	-	-	78 821	180 408	-
Total current liabilities	470 922	-	-	188 466	282 409	47
<u>Net Position</u>						
Invested in capital assets net of related debt	13 921 785	-	-	6 856 735	3 976 132	3 088 918
Unrestricted	2 999 441	-	2 565 000	101 114	332 970	357
Total net position	16 921 226	-	2 565 000	6 957 849	4 309 102	3 089 275
Total liabilities and net position	\$ 17 392 148	\$ -	\$ 2 565 000	\$ 7 146 315	\$ 4 591 511	\$ 3 089 322

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Combining Statement of Revenues, Expenses and Changes in Net Position Information - CaroMont Health Services, Inc

Year Ended June 30, 2013

	<u>Combined</u>	<u>Eliminations</u>	<u>CaroMont Health Services, Inc</u>	<u>CaroMont Specialty Surgery</u>	<u>Courtland Terrace</u>	<u>Belmont Endoscopy</u>
Operating revenues						
Gross patient service revenue						
Routine services	\$ 8 049 796	\$ -	\$ -	\$ -	\$ 8 049 796	\$ -
Special services	4 845 489	-	-	-	4 845 489	-
Outpatient services	23 580 012	-	-	22 845 777	-	734 235
	<u>36 475 297</u>	<u>-</u>	<u>-</u>	<u>22 845 777</u>	<u>12 895 285</u>	<u>734 235</u>
Less deductions from revenue						
Contractual adjustments	23 291 913	-	-	17 259 219	5 511 552	521 142
Charity care	31 671	-	-	3 427	27 309	935
Provision for bad debts	170 483	-	-	90 243	65 967	14 273
	<u>23 494 067</u>	<u>-</u>	<u>-</u>	<u>17 352 889</u>	<u>5 604 828</u>	<u>536 350</u>
Net patient service revenue	12 981 230	-	-	5 492 888	7 290 457	197 885
Other operating revenue	282 036	-	278 111	812	3 112	1
Total operating revenues	<u>13 263 266</u>	<u>-</u>	<u>278 111</u>	<u>5 493 700</u>	<u>7 293 569</u>	<u>197 886</u>
Operating expenses						
Salaries and wages	5 199 856	-	-	970 253	4 188 069	41 534
Employee benefits	1 473 116	-	-	253 112	1 219 572	432
Fees	501 798	-	-	114 536	386 112	1 150
Supplies and drugs	2 686 574	-	-	1 828 268	851 506	6 800
Purchased services	1 071 584	-	-	322 494	580 991	168 099
Other	167 801	-	10 455	39 853	116 195	1 298
Depreciation and amortization	1 069 984	-	-	548 900	304 570	216 514
Total operating expenses	<u>12 170 713</u>	<u>-</u>	<u>10 455</u>	<u>4 077 416</u>	<u>7 647 015</u>	<u>435 827</u>
Income (loss) from operations	1 092 553	-	267 656	1 416 284	(353 446)	(237 941)
Nonoperating revenues (expenses)						
Other nonoperating revenues (expenses)	(10 880)	-	-	(11 085)	205	-
Net nonoperating revenues (expenses)	<u>(10 880)</u>	<u>-</u>	<u>-</u>	<u>(11 085)</u>	<u>205</u>	<u>-</u>
Excess of revenues over (under) expenses	1 081 673	-	267 656	1 405 199	(353 241)	(237 941)
Equity transfer from (to) affiliates	(743 605)	-	(267 020)	(1 695 129)	1 149 208	69 336
Increase (decrease) in net position	<u>\$ 338 068</u>	<u>\$ -</u>	<u>\$ 636</u>	<u>\$ (289 930)</u>	<u>\$ 795 967</u>	<u>\$ (168 605)</u>

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