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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2012 Open to Public Inspection
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization REX HOSPITAL INC DBA REX HEALTHCARE		D Employer identification number 56-1509260
	Doing Business As REX HEALTHCARE		
	Number and street (or P O box if mail is not delivered to street address) 4420 LAKE BOONE TRAIL	Room/suite	E Telephone number (919) 784-3100
	City or town, state or country, and ZIP + 4 RALEIGH, NC 27607		G Gross receipts \$ 808,617,852
F Name and address of principal officer DAVID STRONG 4420 LAKE BOONE TRAIL RALEIGH, NC 27607		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (Insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ WWW.REXHEALTH.COM			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE THE BEST IN HEALTH SERVICES BY COMBINING COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	13	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	10	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	6,135	
6	Total number of volunteers (estimate if necessary)	1,306		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	26,804,383		
7b	Net unrelated business taxable income from Form 990-T, line 34	-88,548		
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,299,788	975,759
	9	Program service revenue (Part VIII, line 2g)	644,337,655	687,457,216
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	7,670,039	12,242,463
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	670,719	380,143
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	653,978,201	701,055,581
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,299,739
14		Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	323,961,798	348,242,512
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b		Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	287,746,484	343,955,728
18		Total expenses—Add lines 13–17 (must equal Part IX, column (A), line 25)	613,008,021	693,800,442
19		Revenue less expenses—Subtract line 18 from line 12	40,970,180	7,255,139
Net Assets or Fund Balances				Beginning of Current Year
	20	Total assets (Part X, line 16)	671,610,346	707,307,283
	21	Total liabilities (Part X, line 26)	220,279,220	231,549,288
	22	Net assets or fund balances—Subtract line 21 from line 20	451,331,126	475,757,995

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-05-14 Date	
	BERNADETTE SPONG CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name JOHN NORMAN		Preparer's signature		Date
	Firm's name ▶ CLIFTONLARSONALLEN LLP			Check ☐ if self-employed	PTIN P01506766
	Firm's address ▶ 101 N TRYON STREET SUITE 1000 CHARLOTTE, NC 28246			Phone no (704) 998-5200	

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

Part IIIStatement 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

SEE SCHEDULE O
REX HEALTHCARE PROVIDES THE BEST IN HEALTH SERVICES BY COMBINING COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY. REX PROVIDES SERVICES AT FACILITIES ACROSS WAKE COUNTY TO ALL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY. REX ALSO SEEKS TO IMPROVE THE HEALTH OF THE COMMUNITY BY PROVIDING EDUCATION, DIAGNOSTIC AND PREVENTATIVE CARE, OFTEN BY JOINING FORCES WITH OTHER COMMUNITY GROUPS. IN ADDITION TO ITS MAIN RALEIGH CAMPUS,

2

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

Yes

No

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

3

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

Yes

No

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 44,258,626 including grants of \$) (Revenue \$ 66,770,682)

CARDIOLOGY SERVICES. THE REX HEART & VASCULAR CENTER PERFORMS MORE THAN 22,000 PROCEDURES A YEAR, INCLUDING CORONARY ARTERY BYPASS GRAFTING, ECHOCARDIOGRAPHY, VALVE REPLACEMENT AND REPAIR, ANGIOPLASTY, CARDIAC CATHETERIZATION AND STENT PLACEMENT. REX PROVIDES COMPASSIONATE CARE TO ALL PATIENTS, INCLUDING THOSE ON MEDICARE, MEDICAID AND THE UNINSURED OR UNDERINSURED. REX HAS BEEN A CHEST PAIN ACCREDITED HOSPITAL FOR NINE YEARS, REINFORCING THE ORGANIZATION’S DEDICATION TO COMMUNITY OUTREACH AND INNOVATION IN THE CARE OF CHEST PAIN PATIENTS. IN ADDITION, HOSPITAL COMPARE RATED REX BEST FOR HEART ATTACK SURVIVAL IN WAKE COUNTY.

4b

(Code) (Expenses \$ 43,585,706 including grants of \$) (Revenue \$ 83,321,716)

GENERAL SURGERY. REX SURGERY CENTERS IN RALEIGH, CARY AND WAKEFIELD ARE USED BY MORE THAN 425 PHYSICIANS AND PROVIDE IN- AND OUTPATIENT SERVICES TO 40,000 PATIENTS A YEAR, REGARDLESS OF THEIR ABILITY TO PAY. THE THREE LOCATIONS HAVE IMPROVED ACCESS TO SPECIALIZED CARE FOR PATIENTS ACROSS THE REGION. SURGEONS MAKE SUBSTANTIAL USE OF MINIMALLY INVASIVE TECHNOLOGY FOR DIAGNOSIS AND TREATMENT, REDUCING PATIENTS’ RECOVERY TIME AND HOSPITAL STAY. FOR EXAMPLE, REX HAS THREE DAVINCI SURGICAL ROBOTS USED FOR UROLOGY, GYNECOLOGY AND GENERAL SURGERIES. THE CENTERS INCLUDE 34 OPERATING SUITES, EIGHT MINOR PROCEDURE ROOMS, AND VARIOUS PERIOPERATIVE AND ANCILLARY SUPPORT SPACES. REX IS INCREASINGLY PERFORMING SURGERIES ON AN OUTPATIENT BASIS, AND CONTINUING TO LOOK FOR OTHER WAYS TO REDUCE OVERALL COSTS FOR PATIENTS. SOME OF THE TOP PROCEDURES INCLUDE HERNIA REPAIR, GALLBLADDER REMOVAL, BARIATRIC SURGERY, BOWEL SURGERY AND BREAST SURGERIES.

4c

(Code) (Expenses \$ 36,872,571 including grants of \$) (Revenue \$ 71,349,280)

ORTHOPEDICS. REX HEALTHCARE’S ORTHOPEDIC SERVICES PROVIDE IMPORTANT CARE FOR AN INCREASING NUMBER OF PATIENTS. THAT GROWTH IS DRIVEN BY THIS REGION’S AGING POPULATION, MORE SPORTS MEDICINE PATIENTS, IMPROVEMENTS IN TREATMENT AND TECHNOLOGY, AND OTHER FACTORS. REX FACILITIES IN RALEIGH, CARY AND WAKEFIELD SAW MORE THAN 9,500 ORTHOPEDIC PATIENTS DURING THE FISCAL YEAR. THE MOST COMMON PROCEDURES INCLUDE REPLACEMENT OF TOTAL JOINTS (HIPS, KNEES, SHOULDERS), ARTHROSCOPIES AND REPAIRING FRACTURES OR DISLOCATIONS). REX WORKS CLOSELY WITH ITS AFFILIATED SURGEONS AND COMMUNITY PHYSICIANS TO ENSURE THAT IT PROVIDES ACCESS TO ALL PATIENTS REQUIRING ORTHOPEDIC CARE, REGARDLESS OF THEIR ABILITY TO PAY.

(Code) (Expenses \$ 505,719,140 including grants of \$ 1,602,202) (Revenue \$ 434,828,056)

OTHER PROGRAM SERVICES. REX PROVIDES A FULL RANGE OF ONCOLOGY THERAPY AND SUPPORT SERVICES TO ALL PATIENTS IN WAKE COUNTY AND BEYOND, REGARDLESS OF THEIR ABILITY TO PAY. AT THE MAIN RALEIGH CANCER CENTER AND A SATELLITE FACILITY IN WAKEFIELD, REX PROVIDED MORE THAN 25,500 RADIATION ONCOLOGY TREATMENTS, 12,000 CHEMOTHERAPY TREATMENTS AND 19,500 HEMATOLOGY ONCOLOGY VISITS. THE CENTERS ALSO HELP PATIENTS NAVIGATE THEIR CARE AND OFFER COUNSELING, REHABILITATION AND MORE. THROUGH REX’S PARTNERSHIP WITH JOHNSTON HEALTH, WE PROVIDED ABOUT 5,500 RADIATION ONCOLOGY TREATMENTS AT CLINICS IN SMITHFIELD AND CLAYTON AT REX’S WOMEN’S AND CHILDREN’S CENTER. CAREGIVERS SEEK TO PROVIDE FAMILY-CENTERED CARE TO THE NEW MOTHER, BABY AND EXTENDED FAMILY, WITHOUT REGARD TO ABILITY TO PAY. MORE THAN 5,300 BABIES ARE BORN IN THE REX WOMEN’S CENTER EACH YEAR. THESE BIRTHS ARE SUPPORTED BY 24/7 ANESTHESIOLOGY AND NEONATOLOGY SERVICES, HIGH RISK OBSTETRICS PROVIDED BY UNC MATERNAL FETAL MEDICINE, LACTATION SUPPORT SERVICES PROVIDED BY A TEAM OF CERTIFIED LACTATION CONSULTANTS AND AN IN-HOUSE RETAIL CENTER FOR INFANT NUTRITION. REX ALSO OFFERS A WIDE VARIETY OF PRE- AND POST-NATAL CLASSES, SCREENING FOR POSTPARTUM DEPRESSION AND PSYCHOLOGICAL SERVICES.

4d

Other program services (Describe in Schedule O)

(Expenses \$ 505,719,140 including grants of \$ 1,602,202) (Revenue \$ 434,828,056)

4e

Total program service expenses

630,436,043

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 Yes	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d 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		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <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	Yes	
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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
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	Yes	
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	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
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.	324	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c			
2a		6,135	
2b		Yes	
3a		Yes	
3b		Yes	
4a			No
b			
5a			No
5b			No
5c			
6a			No
6b			
7 Organizations that may receive deductible contributions under section 170(c).			
7a			No
7b			
7c			No
7d			
7e			No
7f			No
7g			
7h			
8			
9 Sponsoring organizations maintaining donor advised funds.			
9a			
9b			
10 Section 501(c)(7) organizations. Enter			
10a			
10b			
11 Section 501(c)(12) organizations. Enter			
11a			
11b			
12a			
12b			
13a			
13b			
13c			
14a			No
14b			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	13	
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	Yes
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NC
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ 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	BERNADETTE SPONG 4420 LAKE BOONE TRAIL RALEIGH, NC (919) 784-3100

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** 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)	▼	9,243,188	1,894,283	1,653,268

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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		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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

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
SRISURGICAL EXPRESS PO BOX 405495 ATLANTA GA 30384	MEDICAL	7,705,319
SKANSKA USA BUILDING INC 4309 EMPEROR BLVD STE 200 DURHAM NC 27703	CONSTRUCTION	7,024,529
WHR DESIGN PC 1111 LOUISIANA 26TH FLOOR HOUSTON TX 77002	ARCHITECTURAL DESIGN	2,753,902
CUSTOM CRAFT PAINTING 9329 HOLLY SPRINGS ROAD APEX NC 27539	REPAIRS/REMODELING	2,490,247
THE OUTSOURCE GROUP 39867 TREASURY CENTER CHICAGO IL 60694	COLLECTIONS	2,354,620

\$100,000 of compensation from the organization ➡71

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	968,359			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	7,400			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		975,759			
Program Service Revenue	2a	GENERAL SURGERY	Business Code 625100	83,321,716	83,321,716		
	b	ORTHOPEDICS	625100	71,349,280	71,349,280		
	c	CARDIOLOGY	625100	66,770,682	66,770,682		
	d	WOMEN'S & CHILDREN	625100	60,978,592	60,978,592		
	e	ONCOLOGY	625100	51,544,345	51,544,345		
	f	All other program service revenue		353,492,601	322,054,119	26,804,383	4,634,099
	g	Total. Add lines 2a-2f		687,457,216			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		4,172,367		
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		(i) Real					
		(ii) Personal					
		Gross rents					
		Less rental expenses					
b		181,116					
c		Rental income or (loss)					
d		Net rental income or (loss)		698,411			698,411
7a		(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
b		107,381,155					
c		Gain or (loss)					
d		Net gain or (loss)		8,070,096			8,070,096
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
a							
b		Less direct expenses					
c	Net income or (loss) from fundraising events						
9a	Gross income from gaming activities See Part IV, line 19						
a							
b	Less direct expenses						
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances						
a							
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue		-318,268			-318,268	
e	Total. Add lines 11a-11d		-318,268				
12	Total revenue. See Instructions		701,055,581	656,018,734	26,804,383	17,256,705	

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.	1,602,202	1,602,202		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	5,885,705		5,885,705	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	271,275,734	240,951,842	30,323,892	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	17,536,989	16,109,845	1,427,144	
9	Other employee benefits.	34,492,954	30,649,791	3,843,163	
10	Payroll taxes.	19,051,130	16,678,895	2,372,235	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,075,333		1,075,333	
c	Accounting.	156,748		156,748	
d	Lobbying.	68,943	68,943		
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	1,057,032		1,057,032	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	39,267,995	35,341,196	3,926,799	
12	Advertising and promotion.	6,515,696	5,864,126	651,570	
13	Office expenses.	8,423,091	7,580,782	842,309	
14	Information technology.	29,669,496	26,702,546	2,966,950	
15	Royalties.				
16	Occupancy.	17,957,256	16,161,531	1,795,725	
17	Travel.	1,513,896	1,362,506	151,390	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	738,194	730,812	7,382	
20	Interest.	3,197,727	2,877,954	319,773	
21	Payments to affiliates.	38,017,074	38,017,074		
22	Depreciation, depletion, and amortization.	29,796,561	26,816,905	2,979,656	
23	Insurance.	4,243,640	3,819,276	424,364	
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	PATIENT SUPPLIES & SERV	130,684,748	130,684,748		
b	REPAIRS AND MAINTENANCE	9,125,589	8,213,030	912,559	
c	MINOR EQUIPMENT	1,371,173	1,234,056	137,117	
d					
e	All other expenses	21,075,536	18,967,983	2,107,553	
25	Total functional expenses. Add lines 1 through 24e.	693,800,442	630,436,043	63,364,399	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		4,580,508	1	18,160,406
	2	Savings and temporary cash investments		54,375,903	2	48,053,150
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		87,574,839	4	79,254,361
	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		257,469	7	152,348
	8	Inventories for sale or use		10,102,069	8	11,249,476
	9	Prepaid expenses and deferred charges		6,913,094	9	4,531,455
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 659,067,663			
	b	Less accumulated depreciation	10b 405,852,531	257,752,515	10c	253,215,132
	11	Investments—publicly traded securities		185,366,410	11	195,088,183
	12	Investments—other securities See Part IV, line 11		45,179,714	12	50,844,894
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		19,507,825	15	46,757,878
	16	Total assets. Add lines 1 through 15 (must equal line 34)		671,610,346	16	707,307,283
Liabilities	17	Accounts payable and accrued expenses		87,141,044	17	103,509,812
	18	Grants payable			18	
	19	Deferred revenue		116,637	19	686,721
	20	Tax-exempt bond liabilities		124,858,924	20	119,988,994
	21	Escrow or custodial account liability Complete Part IV of Schedule D		14,683	21	10,719
	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		8,147,932	25	7,353,042
	26	Total liabilities. Add lines 17 through 25		220,279,220	26	231,549,288
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		450,333,869	27	474,746,039
	28	Temporarily restricted net assets		997,257	28	1,011,956
	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		451,331,126	33	475,757,995
	34	Total liabilities and net assets/fund balances		671,610,346	34	707,307,283

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	701,055,581
2	Total expenses (must equal Part IX, column (A), line 25)	2	693,800,442
3	Revenue less expenses Subtract line 2 from line 1	3	7,255,139
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	451,331,126
5	Net unrealized gains (losses) on investments	5	17,171,730
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	475,757,995

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	2a	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	2b	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	2c	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?	3a	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	3b	

Additional Data

Software ID:

Software Version:

EIN: 56-1509260

Name: REX HOSPITAL INC DBA REX HEALTHCARE

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			
A DALE JENKINS DIRECTOR	4 00 1 00	X						0	0	0
VINCENT L HOELLERICH MD DIRECTOR	1 00 1 00	X						0	0	0
JAMES B HYLER JR DIRECTOR (THROUGH 5/2013)	1 00 1 00	X						0	0	0
DARLEEN M JOHNS DIRECTOR	1 00 1 00	X						0	0	0
JEFFREY J LYASH DIRECTOR (THROUGH 12/2012)	1 00 1 00	X						0	0	0
GARY L PARK DIRECTOR	4 00 56 00	X		X				0	708,034	238,791
ORAGE QUARLES III DIRECTOR	1 00 1 00	X						0	0	0
WILLIAM L ROPER MD DIRECTOR AND UNC HOSPITALS LIAISON	4 00 56 00	X						0	758,827	157,629
MARK A STRIEBEL DIRECTOR	1 00 1 00	X						0	0	0
ROBERT S THOMAS DIRECTOR	1 00 1 00	X						0	0	0
DAVID STRONG PRESIDENT	59 00 1 00	X		X				1,312,317	0	267,356
TERESA C ARTIS DIRECTOR	1 00 1 00	X						0	0	0
C HOWARD NYE DIRECTOR	1 00 1 00	X						0	0	0
STEVEN C LILLY DIRECTOR	1 00 1 00	X						0	0	0
RIG S PATEL MD DIRECTOR	1 00 1 00	X						0	0	0
BERNADETTE SPONG SVP/FINANCE AND CFO	59 00 1 00			X				410,959	0	37,434
MARY LOU POWELL SVP/PATIENT CARE SVCS & CN	59 00 1 00			X				350,256	0	80,610
STEPHEN W BURRISS COO	59 00 1 00			X				367,091	0	47,597
NOVLET M BRADSHAW VP/INFORMATION TECHNOLOGY/	59 00 1 00			X				266,827	0	31,943
LINDA H BUTLER MD VP/MEDICAL AFFAIRS & CMO	59 00 1 00			X				280,325	0	32,983
DONALD ESPOSITO JR VP/GENERAL COUNSEL	59 00 1 00			X				308,315	0	41,989
SYLVIA HACKETT VP/HUMAN RESOURCES AND CDO	59 00 1 00			X				272,634	0	57,600
R ERICK HAWKINS VP/HEART & VASCULAR SERVICES	59 00 1 00			X				305,927	0	32,866
CHAD T LEFTERIS VP/OPERATIONS	59 00 1 00			X				232,910	0	22,269
LISA SCHILLER VP/MKTG, PR, COMM & GOVT R	59 00 1 00			X				212,372	0	38,114

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			
JAYNE R BYRD VP/SURGICAL SERVICES	59 00 1 00			X				229,807	0	148,636
MICHELLE L GRAY VP/REGIONAL CIO	59 00 1 00			X				164,508	0	25,481
ROBERT D RICKER VP/PHYSICIAN SERVICES	59 00 1 00			X				241,157	0	77,449
TAMMIE T STANTON VP/POST ACUTE CARE	59 00 1 00			X				0	248,245	40,217
TOM G WILLIAMS VP/AMBULATORY SERVICES	59 00 1 00			X				197,486	0	43,575
JOHN STORMENT ASST TREASURER & ASST SECRETARY	59 00 1 00			X				0	179,177	31,923
JEFFREY CRANE MD ONCOLOGY	60 00					X		674,308	0	63,759
ROBERT WEHBIE MD ONCOLOGY	60 00					X		584,309	0	61,365
LANCE LANDVATER MD CARDIOVASCULAR SURGEON	60 00					X		1,208,273	0	28,691
O ROBERT MENDES MD VASCULAR SURGEON	60 00					X		826,314	0	23,598
ROBERT PEYTON MD CARDIOVASCULAR SURGEON	60 00					X		797,093	0	21,393

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization REX HOSPITAL INC DBA REX HEALTHCARE	Employer identification number 56-1509260
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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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 IIIPart III

Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

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 REX HOSPITAL INC DBA REX HEALTHCARE	Employer identification number 56-1509260
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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		68,943
j	Total. Add lines 1c through 1i.			68,943
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	REX HEALTHCARE BELIEVES IN MAINTAINING STRONG, OPEN AND EFFECTIVE RELATIONSHIPS WITH ELECTED OFFICIALS AND POLICY MAKERS AT THE LOCAL, STATE AND NATIONAL LEVELS. THE OBJECTIVE IS TO EDUCATE THESE GROUPS ON HEALTHCARE ISSUES, TO SERVE AS A RESOURCE, AND TO COMMUNICATE REX'S POSITION IN SUPPORT OF ITS MISSION. AS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION AND NCHA, A PERCENTAGE OF REX'S MEMBERSHIP DUES ARE ATTRIBUTED TO LOBBYING ACTIVITIES.

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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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

▶\$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

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	

2a

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

☒ Yes

☐ No

b

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

☒

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

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

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

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

3a

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

(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

☐ Yes

☐ No

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		25,788,332		25,788,332
b Buildings		154,142,499	93,427,773	60,714,726
c Leasehold improvements		17,819,620	4,649,400	13,170,220
d Equipment		333,252,001	259,872,975	73,379,026
e Other		128,065,211	47,902,383	80,162,828
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				253,215,132

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIII

Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 2B	THE ORGANIZATION HOLDS CASH IN TRUST FOR THE RESIDENTS OF THE NURSING HOME FACILITIES
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE FOLLOWING FOOTNOTE COMES FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF REX HOSPITAL, INC. D/B/A REX HEALTHCARE. THE FOOTNOTE REFERENCES OTHER MEMBERS OF THE AUDIT CONSOLIDATED GROUP THAT ARE NOT PART OF THIS TAX RETURN: REX, THE HOSPITAL, THE FOUNDATION, AND HOME SERVICES ARE EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. ENTERPRISES IS A TAXABLE CORPORATION THAT PREVIOUSLY HAD NET OPERATING LOSS CARRYFORWARDS WHICH EXPIRED IN 2012. PHYSICIANS IS A SINGLE MEMBER LIMITED LIABILITY COMPANY THAT HAS ELECTED TO BE TAXED AS A FOR-PROFIT CORPORATION. PHYSICIANS HAD A NET OPERATING LOSS IN 2013 AND 2012.
		PART VII, LINE 2: CLOSELY-HELD EQUITY INTERESTS ARE VALUED ACCORDING TO THE EQUITY METHOD OF ACCOUNTING UNDER US GAAP, WHICH REPRESENTS INITIAL COSTS ADJUSTED FOR OUR ALLOCABLE SHARE OF THE NET EARNINGS OR LOSSES OF THE INVESTMENT.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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 <u>25000 0000000000 %</u>	3a	Yes	
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 <u>25000 0000000000 %</u>	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	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?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.				

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			28,583,689		28,583,689	4 120 %
b Medicaid (from Worksheet 3, column a)			31,258,761	24,374,859	6,883,902	0 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			59,842,450	24,374,859	35,467,591	5 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,713		2,713	0 %
f Health professions education (from Worksheet 5)			1,355,360		1,355,360	0 200 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			341,542		341,542	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			736,934		736,934	0 110 %
j Total. Other Benefits			2,436,549		2,436,549	0 360 %
k Total. Add lines 7d and 7j			62,278,999	24,374,859	37,904,140	5 470 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

11,719,317

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

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

5

240,720,390

6

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

6

303,378,127

7

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

7

-62,657,737

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 REX SURGERY CENTER OF CARY LLC	AMBULATORY SURGICAL CENTER	55.000 %	0 %	45.000 %
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	REX HOSPITAL INC 4420 LAKE BOONE TRAIL RALEIGH,NC 27607 WWW.REXHEALTH.COM	X									

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)

REX 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)	1	Yes	
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	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes	
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)	5	Yes	
a ☒ Hospital facility's website			
b ☒ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b ☒ Execution of the implementation strategy			
c ☒ Participation in the development of a community-wide plan			
d ☒ Participation in the execution of a community-wide plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☒ Prioritization of health needs in its community			
h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____			

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 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>250 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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
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? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

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?

12

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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 III, LINE 4 NET PATIENT SERVICE REVENUE IS RECORDED AT ESTABLISHED RATES WHEN SERVICES ARE PROVIDED WITH CONTRACTUAL ADJUSTMENTS, ESTIMATED BAD DEBT EXPENSES, AND SERVICES QUALIFYING AS CHARITY CARE DEDUCTED TO ARRIVE AT NET PATIENT SERVICE REVENUE CONTRACTUAL ADJUSTMENTS ARISE UNDER REIMBURSEMENT AGREEMENTS WITH CERTAIN INSURANCE CARRIERS, HEALTH MAINTENANCE ORGANIZATIONS AND PREFERRED PROVIDER ORGANIZATIONS, WHICH PROVIDE FOR PAYMENTS THAT ARE GENERALLY LESS THAN ESTABLISHED BILLING RATES CONTRACTUAL ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN THE FUTURE AS FINAL SETTLEMENTS ARE DETERMINED THE COSTING METHODOLOGY USED TO DETERMINE PAYER COSTS IS THE ANDI METHODOLOGY, WHICH USES A FACILITY-WIDE RATIO OF COST TO CHARGES AS DESCRIBED IN THE NCHA COMMUNITY BENEFITS GUIDELINES WHILE THE COSTS OF BAD DEBTS ARE PRESENT FOR ESSENTIALLY EVERY BUSINESS ORGANIZATION, FEW OTHER THAN HOSPITALS ARE EXPECTED TO CONTINUE TO PROVIDE SERVICES TO THOSE WITH MEANS WHO HAVE PREVIOUSLY FAILED TO PAY CONTINUATION OF SERVICE TO PATIENTS WITH THE MEANS TO PAY BUT WHO HAVE FAILED TO DO SO IS A FURTHER COMMUNITY BENEFIT RELATED TO THE ORGANIZATION'S MISSION THEREFORE, WE BELIEVE THAT THE COST OF BAD DEBTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT
		PART III, LINE 8 HOSPITALS TREAT PATIENTS COVERED BY MEDICARE, JUST AS THEY DO ANY PATIENT AMOUNTS THAT HOSPITALS ARE ELIGIBLE TO RECEIVE IN PAYMENT FOR SERVICES PROVIDED TO PATIENTS COVERED BY MEDICARE ARE NOT NEGOTIABLE AS MEDICARE REIMBURSEMENT RATES DECLINE RELATIVE TO THE COSTS OF PROVIDING CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION WITHOUT THE SERVICES PROVIDED BY HOSPITALS, THE GOVERNMENT WOULD BECOME OBLIGATED FOR THE SERVICES REQUIRED BY THESE PATIENTS THEREFORE, WE BELIEVE THAT ANY UNREIMBURSED COSTS OF PROVIDING THIS CARE ARE A BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE ARE APPROVED FOR FULL FORGIVENESS TO 250% OF THE FPG THERE IS NO ASSESSMENT OF CO-PAYMENTS, THEREFORE THERE IS NO PATIENT FINANCIAL RESPONSIBILITY FOR THE APPLICATION OF COLLECTION POLICY
REX HOSPITAL, INC		PART V, SECTION B, LINE 3 THE ORGANIZATION TOOK INTO ACCOUNT INPUT FROM PERSONS REPRESENTING THE COMMUNITY THROUGH PARTICIPATION IN BOTH A COMMUNITY WIDE HEALTH OPINION SURVEY AND FOCUS GROUPS THE HEALTH OPINION SURVEY WAS CONDUCTED DOOR-TO-DOOR AT RANDOMLY SELECTED HOUSEHOLDS THE NINE FOCUS GROUPS, INCLUDING 2 IN SPANISH, CONSISTED OF RECRUITED PARTICIPANTS REPRESENTING SPECIFIC GROUPS

Identifier	ReturnReference	Explanation
REX HOSPITAL, INC		PART V, SECTION B, LINE 4 THE ORGANIZATION'S COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED WITH THE FOLLOWING HOSPITAL FACILITIES WAKEMED HEALTH AND HOSPITALS AND DUKE RALEIGH HOSPITAL
REX HOSPITAL, INC		PART V, SECTION B, LINE 7 THE ORGANIZATION DID NOT ADDRESS THE FOLLOWING FOCUS AREAS IDENTIFIED IN THE CHNA DISABILITY AND CARE-GIVING, EDUCATION AND LIFELONG LEARNING, HOUSING AND HOMELESSNESS, NUTRITION, PHYSICAL ACTIVITY AND OBESITY PREVENTION, POPULATION GROWTH AND RISKY YOUTH BEHAVIOR THE COMMUNITY VOTED ON THE THREE PRIORITY AREAS TO BE ADDRESSED OVER THE NEXT THREE YEARS AND THE TOP THREE PRIORITY AREAS DID NOT INCLUDE THE NEEDS LISTED ABOVE WHILE THE ORGANIZATION IS WORKING CLOSELY WITH ITS CHNA PARTNERS ON THE TOP THREE IDENTIFIED PRIORITY AREAS, REX ALSO PLANS TO PLACE EMPHASIS ON THE CLOSELY IDENTIFIED PRIORITY AREAS, REX ALSO PLANS TO PLACE EMPHASIS ON THE CLOSELY IDENTIFIED FOURTH ITEM WHICH IS NUTRITION, PHYSICAL ACTIVITY AND OBESITY PREVENTION AS A HEALTHCARE ORGANIZATION, RESOURCES ARE READILY AVAILABLE TO ADDRESS THIS AREA IN GREATER SCOPE

Identifier	ReturnReference	Explanation
REX HOSPITAL, INC		PART V, SECTION B, LINE 20D THE ORGANIZATION PROVIDES AN AUTOMATIC 15% DISCOUNT OFF OF CHARGES FOR PATIENTS WHO DO NOT HAVE INSURANCE ADDITIONAL DISCOUNTS ARE AVAILABLE BASED ON MEANS TESTING AND PROMPT PAYMENT ARRANGEMENTS
		PART VI, LINE 2 AS THE COUNTY CONTINUES TO GROW, NECESSARY STEPS MUST BE TAKEN TO ENSURE THAT THE NEEDS OF ALL OF OUR CITIZENS ARE BEING MONITORED AND EVALUATED WAKE COUNTY HUMAN SERVICES WORKS WITH ALL LOCAL HOSPITALS, INCLUDING REX, TO CONDUCT A COMMUNITY-WIDE HEALTH ASSESSMENT THIS ASSESSMENT, CONDUCTED EVERY FOUR YEARS, IDENTIFIES OPPORTUNITIES AND CHALLENGES IN THE MARKET REX COLLABORATES WITH COMMUNITY PARTNERS REGULARLY TO ENSURE OUR EFFORTS ARE PROPERLY ALIGNED BASED ON WAKE COUNTY'S SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION REX ALSO RELIES ON INPUT FROM OUR PHYSICIANS AND CLINICAL STAFF, PATIENT OUTCOMES AS WELL AS QUALITATIVE AND QUANTITATIVE RESEARCH TO IDENTIFY AREAS OF OPPORTUNITY TO IMPROVE THE HEALTH OF OUR COMMUNITY

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 REX PROVIDES A WIDE RANGE OF TOOLS AND EDUCATION TO HELP PATIENTS WHO NEED FINANCIAL ASSISTANCE. THE REX ASSIST PROGRAM IS DESIGNED TO MAKE IT EASY FOR PATIENTS TO APPLY FOR FINANCIAL ASSISTANCE, CHARITY CARE AND OTHER AID PROGRAMS. REX POSTS DETAILED INFORMATION ABOUT ITS GENEROUS CHARITY CARE POLICY, THE REX ASSIST PROGRAM AND OTHER FINANCIAL AID INFORMATION AT VARIOUS POINTS IN THE HOSPITAL AND ON ITS WEBSITE. DURING PATIENT REGISTRATION, STAFF WILL DISTRIBUTE THE "YOUR REX HOSPITAL BILL" FLYER TO ANYONE WHO DOES NOT HAVE INSURANCE OR ASKS FOR ASSISTANCE. THAT FLYER INCLUDES USEFUL INFORMATION AND HELPFUL RESOURCES. REX FINANCIAL COUNSELORS WILL BEGIN WORKING WITH PATIENTS NEEDING ASSISTANCE AT REGISTRATION, OR VISIT THE ROOMS OF PATIENTS WHO ASK FOR HELP. THE COUNSELORS WILL ASSIST WITH DETERMINING MEDICAID ELIGIBILITY AND WITH FILLING OUT A REX ASSIST APPLICATION. FINALLY, REX ALSO WORKS WITH VARIOUS COMMUNITY GROUPS THAT HELP PROVIDE ASSISTANCE TO THE UNINSURED OR UNDERINSURED, INCLUDING PROJECT ACCESS, PRETTY IN PINK AND OTHERS. THE ANGEL FUND OF THE REX HEALTHCARE FOUNDATION ALSO SUPPORTS CANCER PATIENTS WITH UNIQUE FINANCIAL NEEDS, INCLUDING TRANSPORTATION, LIVING EXPENSES AND PRESCRIPTIONS.
		PART VI, LINE 4 THE ORGANIZATION SERVES AN AREA THAT ENCOMPASSES A FOUR-COUNTY AREA CONSISTING OF WAKE COUNTY AS THE PRIMARY SERVICE AREA WITH HARNETT, FRANKLIN AND JOHNSTON COUNTIES, COMPRISING THE SECONDARY SERVICE AREA. WAKE COUNTY AND ITS SURROUNDING COMMUNITIES ARE AMONG THE FASTEST GROWING REGIONS IN THE NATION. UNEMPLOYMENT RATES IN THE PRIMARY SERVICE AREA ARE LESS THAN THE UNEMPLOYMENT RATES FOR THE NATION AND THE STATE. AVERAGE HOUSEHOLD INCOME AND EDUCATION LEVEL ALSO COMPARE FAVORABLY WITH BOTH THE NATION AND THE STATE.

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THERE ARE MANY WAYS REX WORKS WITH COMMUNITY PARTNERS TO ADDRESS HEALTH ISSUES AND CONCERNS IDENTIFIED WITHIN THE COMMUNITY THROUGH BOTH FINANCIAL, IN-KIND AND STAFF SUPPORT, REX PROVIDES ASSISTANCE IN HOSTING COMMUNITY HEALTH SCREENINGS, MOBILE MAMMOGRAPHY SCREENINGS AND ON-SITE MEDICAL CARE THROUGH THE REX EMERGENCY RESPONSE TEAM ADDITIONALLY, COMMUNITY RELATIONS ACTIVITIES REGULARLY DEMONSTRATE PROMOTING HEALTH AND WELLNESS INITIATIVES "ASK THE EXPERT" FORUMS ARE FREE AND OFFERED THROUGHOUT WAKE COUNTY BY PHYSICIANS AND STAFF REX HAS BEEN DILIGENT IN AWARDED GRANTS TO COMMUNITY GROUPS TO ASSIST THEM WHERE NEEDS ARE GREATEST TWICE A YEAR WE HOST A COLLABORATIVE BREAKFAST INVITING COMMUNITY PARTNERS, ORGANIZATIONS AND HEALTHCARE PROVIDERS WHO WORK WITH UNINSURED WOMEN TO DISCUSS AND ADDRESS CURRENT HARDSHIPS AND RESOURCES -- TRULY A COMMITMENT TO THE NONPROFIT COMMUNITY
		PART VI, LINE 6 REX HEALTHCARE IS A SUBSIDIARY OF THE UNC HEALTH CARE SYSTEM IN CHAPEL HILL THAT SYSTEM SERVES PATIENTS FROM ALL 100 COUNTIES, REGARDLESS OF THEIR ABILITY TO PAY, PROVIDING MORE THAN \$300 MILLION A YEAR IN UNCOMPENSATED CARE AS PART OF THE INTEGRATED SYSTEM, REX STRIVES TO IMPROVE ACCESS AND SERVICES IN WAKE COUNTY'S GROWING AND UNDERSERVED AREAS REX CAREGIVERS ALSO WORK CLOSELY WITH THEIR COUNTERPARTS AT UNC HEALTH TO FIND MORE WAYS TO IMPROVE CARE AND QUALITY, REACH MORE UNINSURED PATIENTS AND MORE REX'S BOARD REPRESENTS A CROSS-SECTION OF THE COMMUNITY, WITH VOLUNTEERS THAT INCLUDE BUSINESS LEADERS, COMMUNITY PHYSICIANS AND OTHERS THAT BOARD WORKS CLOSELY WITH THE BOARD AT UNC HEALTH TO DETERMINE THE BEST WAYS TO PLAY A LARGER ROLE IN IMPROVING THE COMMUNITY'S HEALTH, AND REX'S ROLE IN THE BIGGER SYSTEM'S MISSION

Identifier	ReturnReference	Explanation
	PART VI, LINE 7	THE ORGANIZATION SUBMITS AN ANNUAL COMMUNITY BENEFIT REPORT TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE NORTH CAROLINA MEDICAL CARE COMMISSION

Additional Data

Software ID:

Software Version:

EIN: 56-1509260

Name: REX HOSPITAL INC DBA REX HEALTHCARE

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

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?

12

Name and address	Type of Facility (describe)
REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH, NC 27614	HEALTHCARE
REX HEALTHCARE OF CARY 1505 SW CARY PARKWAY CARY, NC 27511	HEALTHCARE
REX HEALTHCARE OF KNIGHTDALE 6602 KNIGHTDALE BOULEVARD 102 KNIGHTDALE, NC 27545	HEALTHCARE
REX REHABILITATION AND NURSING CARE CENT 4210 LAKE BOONE TRAIL RALEIGH, NC 27607	HEALTHCARE
REX REHABILITATION AND NURSING CARE CENT 911 SOUTH HUGHES STREET APEX, NC 27502	HEALTHCARE
REX WELLNESS CENTER OF WAKEFIELD 11200 GALLERIA AVENUE RALEIGH, NC 27614	HEALTHCARE
REX WELLNESS CENTER OF RALEIGH 4200 LAKE BOONE TRAIL RALEIGH, NC 27607	HEALTHCARE
REX WELLNESS CENTER OF CARY 1515 SW CARY PARKWAY CARY, NC 27511	HEALTHCARE
REX WELLNESS CENTER OF GARNER 1400 TIMBER DRIVE EAST GARNER, NC 27529	HEALTHCARE
REX WELLNESS CENTER OF KNIGHTDALE 6602 KNIGHTDALE BOULEVARD KNIGHTDALE, NC 27545	HEALTHCARE
REX HEALTHCARE OF GARNER 300 HEALTH PARK DRIVE GARNER, NC 27529	HEALTHCARE
REX HEALTHCARE OF HOLLY SPRINGS 781 AVENT FERRY ROAD HOLLY SPRINGS, NC 27540	HEALTHCARE

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

2012

Open to Public Inspection

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

Employer identification number
56-1509260

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.

[illegible]

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table	34
3	Enter total number of other organizations listed in the line 1 table	5

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
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

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 REX REQUIRES ALL REQUESTS FOR GRANTS OR OTHER ASSISTANCE TO BE IN WRITING SUCH REQUESTS ARE TYPICALLY REVIEWED ON AN ANNUAL BASIS FOLLOWING GUIDELINES RELATED TO COMMUNITY NEED AND REX'S MISSION REX'S PRIORITIES INCLUDE SUPPORTING HEALTH, HUMAN SERVICES, EDUCATION AND ARTS IN THE COMMUNITIES IT SERVES REX HAS VARIOUS WAYS OF TRACKING THE RESULTS OF ITS CONTRIBUTIONS BECAUSE REX OFTEN WORKS CLOSELY WITH THE COMMUNITY GROUPS IT SUPPORTS, THE ORGANIZATION RECEIVES FREQUENT UPDATES ON THEIR WORK AND PROGRESS FOR LARGER GRANTS, REX ALSO RECEIVES ANNUAL OR QUARTERLY REPORTS ON RESULTS

Software ID:

Software Version:

EIN: 56-1509260

Name: REX HOSPITAL INC DBA REX HEALTHCARE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WAKE COUNTY MEDICAL SOCIETY2500 BLUE RIDGE ROAD STE 330 RALEIGH,NC 27607	56-2205175	501(C)(6)	80,025				GENERAL SUPPORT, MEDICAL CARE
RALEIGH SCHOOL OF NURSE ANESTH3900 BARRETT DRIVE SUITE 200 RALEIGH,NC 27609	56-1684241	501(C)(3)	24,206				EDUCATION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTH CAROLINA SYMPHONY4350 LASSITER STE 250 RALEIGH,NC 27609	56-0556755	501(C)(3)	60,000				GENERAL SUPPORT
AMERICAN HEART ASSOCIATIONNORTH CAROLINA AFFILIATEINC 3901 COMPUTER DR STE 110 RALEIGH,NC 27609	56-0529996	501(C)(3)	40,000				GENERAL SUPPORT, EDUCATION SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
POE CENTER FOR HEALTH ED224 SUNNYBROOK ROAD RALEIGH,NC 27610	56-1500678	501(C)(3)	20,000				EDUCATION SUPPORT
TRIANGLE RACE FOR THE CURE133 FAYETTEVILLE ST STE 300 RALEIGH,NC 27601	75-1835298	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
DEVILS RIDGE CHARITY GOLF CLASSIC PO BOX 98 128 SOUTH MAIN STREET HOLLY SPRINGS,NC 27540	56-2265570	501(C)(3)	5,000				GENERAL SUPPORT
PAY IT FORWARD FERTILITY FDNT8311 BRIER CREEK PARKWAY STE 105-111 RALEIGH,NC 27617	26-3906064	501(C)(3)	5,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CITY OF OAKS MARATHON 7449 SIX FORKS ROAD RALEIGH,NC 27615	26-0232340	501(C)(3)	15,000				GENERAL SUPPORT, MEDICAL CARE
LEUKEMIA SOCIETY OF AMERICA4206 SIX FORKS ROAD STE 220 RALEIGH,NC 27609	13-5644916	501(C)(3)	15,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GREATER RALEIGH CHAMBERPO BOX 2978 RALEIGH,NC 27602	56-0370850	501(C)(6)	36,125				GENERAL SUPPORT
RALEIGH CIVIC VENTURE 120 SOUTH WILMINGTON STREET STE 103 103 RALEIGH,NC 27601	56-2095185	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
DOWNTOWN RALEIGH ALLIANCE120 SOUTH WILMINGTON STREET STE 103 103 RALEIGH,NC 27601	56-1994005	501(C)(6)	6,000				GENERAL SUPPORT
NORTH CAROLINA CHAMBER701 CORPORATE CENTER DRIVE STE 400 RALEIGH,NC 27607	56-0340499	501(C)(6)	30,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE FIRST TEE OF THE 5560 MUMFORD ROAD SUITE 201 RALEIGH,NC 27612	56-2266025	501(C)(3)	5,000				GENERAL SUPPORT
INTERACT INC1012 OBERLIN ROAD STE 100 RALEIGH,NC 27605	58-1320613	501(C)(3)	32,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CAROLINA BALLET3401-131 ATLANTIC AVENUE RALEIGH,NC 27604	56-1445383	501(C)(3)	20,000				GENERAL SUPPORT
NC MEDICAL SOCIETY FOUNDATIONPO BOX 27167 RALEIGH,NC 27611	56-6088142	501(C)(3)	20,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
URBAN MINISTRIES1390 CAPITAL BOULEVARD RALEIGH,NC 27603	58-1422700	501(C)(3)	20,000				GENERAL SUPPORT
WAKE EDUCATION PARTNERSHIP706 HILLSBOURGH STREET STE A RALEIGH,NC 27603	58-1518182	501(C)(3)	20,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WAKE TECH FOUNDATION 9101 FAYETTEVILLE ROAD RALEIGH,NC 27511	23-7017752	501(C)(3)	16,000				GENERAL SUPPORT
NC MUSEUM OF ART4630 MAIL SERVICE CENTER RALEIGH,NC 27699	23-7071511	501(C)(3)	12,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LUCY DANIELS CENTER 9003 WESTON PARKWAY CARY,NC 27513	58-1863104	501(C)(3)	10,000				GENERAL SUPPORT
NAMI WAKE COUNTYPO BOX 12562 RALEIGH,NC 27605	56-1552949	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NEIGHBOR TO NEIGHBOR PO BOX 25628 RALEIGH, NC 27611	56-2016457	501(C)(3)	10,000				GENERAL SUPPORT
TAMMY LYNN CENTER739 CHAPPELL DRIVE RALEIGH, NC 27606	56-1949970	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CARY CHAMBER OF COMMERCE307 NORTH ACADEMY STREET CARY,NC 27519	56-0989726	501(C)(3)	8,025				GENERAL SUPPORT
EAST WAKE SOCCER ASSOCIATIONPO BOX 14960 KNIGHTDALE,NC 27545	56-1388709	501(C)(3)	6,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTH CAROLINA LUNG CANCER INITIATIVE4000 BLUE RIDGE ROAD RALEIGH,NC 27612	26-2300885	501(C)(3)	6,250				GENERAL SUPPORT
NC PHYSICIANS HEALTH PROGRAM INC220 HORIZON DRIVE STE 201 RALEIGH,NC 27615	56-1846599	501(C)(3)	5,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
READ AND FEEDPO BOX 5865 CARY,NC 27512	20-3246207	501(C)(3)	5,250				GENERAL SUPPORT
ARTSPLOSURE313 SOUTH BLOUNT STREET STE 2008 RALEIGH,NC 27601	58-1387567	501(C)(3)	5,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EL PUEBLOINCPO BOX 33672 RALEIGH,NC 27636	56-1934310	501(C)(3)	5,000				GENERAL SUPPORT
JDRF7721 SIX FORKS ROAD STE 136 RALEIGH,NC 27615	23-1907729	501(C)(3)	5,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JUNIOR LEAGUE OF RALEIGHPO BOX 26821 RALEIGH,NC 27611	56-0562849	501(C)(3)	5,000				GENERAL SUPPORT
KAY YOW CANCER FUND PO BOX 3369 CARY,NC 27519	26-1789695	501(C)(3)	5,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS215 NORTH DAWSON STREET RALEIGH,NC 27603	56-6020249	501(C)(4)	5,000				GENERAL SUPPORT
RONALD MCDONALD HOUSE OF CHAPEL HILL 101 OLD MASON FARM ROAD CHAPEL HILL,NC 27517	56-1413188	501(C)(3)	5,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE JEWISH FEDERATION OF RALEIGH-CARY8210 CREEDMOOR ROAD STE 104 RALEIGH,NC 27613	56-1553301	501(C)(3)	5,000				GENERAL SUPPORT

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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☒ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	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?	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 ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	Yes	
b	Any related organization?	Yes	
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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	THE ORGANIZATION OFFERS COMPLIMENTARY MEMBERSHIPS TO REX WELLNESS CENTERS FOR THE EXECUTIVE STAFF, BOTH ACTIVE AND RETIRED BOARD MEMBERS AND MEDICAL DIRECTORS. ALL MEMBERS RECEIVING COMPLIMENTARY MEMBERSHIPS ARE REQUIRED TO COMPLETE THE SAME APPLICATION AND TESTING PROCEDURES AS OTHER MEMBERS. CURRENTLY, THERE ARE 8 INDIVIDUALS LISTED THAT RECEIVE COMPLIMENTARY MEMBERSHIPS. THE VALUE OF THE COMPLIMENTARY MEMBERSHIP IS TREATED AS TAXABLE COMPENSATION AND IS REPORTED ON THE INDIVIDUAL'S W-2.
	PART I, LINE 4B	DURING THE CALENDAR YEAR 2012, DAVID STRONG PARTICIPATED IN A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN AND RECEIVED DISTRIBUTIONS TOTALING \$529,812. HE ALSO EARNED COMPENSATION UNDER THIS PLAN TOTALING \$226,442. THE CURRENT YEAR EARNINGS ARE PAYABLE IN THE FUTURE.
	PART I, LINE 6	EMPLOYEES IN MANAGERIAL ROLES PARTICIPATE IN AN ANNUAL INCENTIVE COMPENSATION PLAN. THE COMPENSATION EARNED UNDER THIS PLAN IS BASED PARTLY ON THE COMBINED EARNINGS OF REX HEALTHCARE, INC. AND ITS SUBSIDIARIES. ADDITIONALLY, THE INCENTIVE COMPENSATION OF THE PRESIDENT AND CFO IS BASED PARTLY ON THE EARNINGS OF THE UNC HEALTH CARE SYSTEM. OTHER PERFORMANCE MEASURES USED TO DETERMINE INCENTIVE COMPENSATION ARE PHYSICIAN SATISFACTION, PATIENT CARE QUALITY OUTCOMES, EFFECTIVE USE OF TECHNOLOGY AND INDIVIDUAL GOALS.

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

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				
GARY L PARK	(i)	0	0	0	0	0	0	0
	(ii)	700,135	0	7,899	232,432	6,359	946,825	0
WILLIAM L ROPER MD	(i)	0	0	0	0	0	0	0
	(ii)	746,827	0	12,000	153,670	3,959	916,456	0
DAVID STRONG	(i)	524,539	226,405	561,373	252,208	15,148	1,579,673	529,812
	(ii)	0	0	0	0	0	0	0
BERNADETTE SPONG	(i)	295,122	91,465	24,372	34,546	2,888	448,393	0
	(ii)	0	0	0	0	0	0	0
MARY LOU POWELL	(i)	239,011	79,953	31,292	67,157	13,453	430,866	0
	(ii)	0	0	0	0	0	0	0
STEPHEN W BURRISS	(i)	248,249	81,513	37,329	28,999	18,598	414,688	0
	(ii)	0	0	0	0	0	0	0
NOVLET M BRADSHAW	(i)	187,395	74,106	5,326	22,532	9,411	298,770	0
	(ii)	0	0	0	0	0	0	0
LINDA H BUTLER MD	(i)	195,520	64,434	20,371	17,885	15,098	313,308	0
	(ii)	0	0	0	0	0	0	0
DONALD ESPOSITO JR	(i)	216,402	72,222	19,691	21,892	20,097	350,304	0
	(ii)	0	0	0	0	0	0	0
SYLVIA HACKETT	(i)	190,702	61,214	20,718	46,147	11,453	330,234	0
	(ii)	0	0	0	0	0	0	0
R ERICK HAWKINS	(i)	202,870	66,144	36,913	22,723	10,143	338,793	0
	(ii)	0	0	0	0	0	0	0
CHAD T LEFTERIS	(i)	163,118	51,854	17,938	13,816	8,453	255,179	0
	(ii)	0	0	0	0	0	0	0
LISA SCHILLER	(i)	156,896	48,198	7,278	22,086	16,028	250,486	0
	(ii)	0	0	0	0	0	0	0
JAYNE R BYRD	(i)	172,760	54,611	2,436	140,053	8,583	378,443	0
	(ii)	0	0	0	0	0	0	0
MICHELLE L GRAY	(i)	150,158	14,134	216	19,866	5,615	189,989	0
	(ii)	0	0	0	0	0	0	0
ROBERT D RICKER	(i)	176,953	53,031	11,173	68,996	8,453	318,606	0
	(ii)	0	0	0	0	0	0	0
TAMMIE T STANTON	(i)	0	0	0	0	0	0	0
	(ii)	223,907	19,338	5,000	36,258	3,959	288,462	0
TOM G WILLIAMS	(i)	146,623	44,728	6,135	28,477	15,098	241,061	0
	(ii)	0	0	0	0	0	0	0
JOHN STORMENT	(i)	0	0	0	0	0	0	0
	(ii)	161,585	12,830	4,762	30,723	1,200	211,100	0
JEFFREY CRANE MD	(i)	613,191	14,306	46,811	53,842	9,917	738,067	0
	(ii)	0	0	0	0	0	0	0

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				
ROBERT WEHBIE MD	(i) (ii)	490,299 0	49,386 0	44,624 0	41,268 0	20,097 0	645,674 0	0 0
LANCE LANDVATER MD	(i) (ii)	751,997 0	450,732 0	5,544 0	11,250 0	17,441 0	1,236,964 0	0 0
O ROBERT MENDES MD	(i) (ii)	629,474 0	196,000 0	840 0	8,500 0	15,098 0	849,912 0	0 0
ROBERT PEYTON MD	(i) (ii)	756,923 0	34,626 0	5,544 0	11,250 0	10,143 0	818,486 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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 COMMISSIONS	52-1309402	65821DFJ5	10-26-2010	127,456,150	CONSTRUCTION		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	10,452,767							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	127,456,150							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds	2,184,840							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,499,411							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	47,737,172							
11	Other spent proceeds	76,034,727							
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?					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						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	%		%		%		%	
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	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
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						

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		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						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?		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						

Part VI

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

▶ 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.

Name of the organization
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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	Yes	No
(1) NOVLET BRADSHAW	OFFICER	RELOCATION		X	190,000	71,106		No		No	Yes	
Total ▶ \$							71,106					

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

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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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization REX HOSPITAL INC DBA REX HEALTHCARE	Employer identification number 56-1509260
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Identifier	Return Reference	Explanation
	FORM 990, PART I, LINE 6	
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION'S SOLE MEMBER IS REX HEALTHCARE, INC
	FORM 990, PART VI, SECTION A, LINE 7A	THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM APPOINTS ALL OF THE THIRTEEN SEATS ON THE ORGANIZATION'S BOARD OF TRUSTEES
	FORM 990, PART VI, SECTION A, LINE 7B	THE ORGANIZATION'S BOARD REQUIRES PRIOR APPROVAL OF THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM FOR CERTAIN POWERS, INCLUDING BUT NOT LIMITED TO ADDITION OR DELETION OF A HEALTH CARE SERVICE, PARTICIPATION, DIRECTLY OR INDIRECTLY, IN A JOINT VENTURE, INDEBTEDNESSES AND CAPITAL BUDGETS, OPERATING BUDGETS AND NON-BUDGETED MATERIAL EXPENDITURES
	FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S EXECUTIVE TEAM DISCUSSES AND REVIEWS THE FORM 990 AND ALL ASSOCIATED SCHEDULES THROUGHOUT THE INFORMATION GATHERING STAGE. THE FORM 990 AND ASSOCIATED SCHEDULES ARE THEN REVIEWED AND APPROVED BY THE BOARD AS A WHOLE. A COPY OF THE APPROVED FORM 990 ALONG WITH THE ASSOCIATED SCHEDULES IS PROVIDED TO ALL BOARD MEMBERS PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	REX REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY BY REQUIRING ALL BOARD MEMBERS TO ANNUALLY COMPLETE AND SIGN A QUESTIONNAIRE DOCUMENTING ANY AREA OF CONFLICT OF INTEREST. THE BOARD MEMBERS ARE REQUIRED TO REPORT AND DOCUMENT ANY NEW AREAS OF CONFLICT OF INTEREST AS THEY ARISE.
	FORM 990, PART VI, SECTION B, LINE 15	THE ORGANIZATION USES AN INDEPENDENT CONSULTANT TO MEASURE FAIR VALUE OF COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER TOP MANAGEMENT. BOTH REX AND UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM BOARDS, REVIEW AND APPROVE THE COMPENSATION FOR ALL OFFICERS EXCEPT THE ASSISTANT TREASURER AND ASSISTANT SECRETARY.
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S FORM 990 IS AVAILABLE UPON REQUEST AND ON GUIDESTAR'S WEBSITE AND THE FINANCIAL STATEMENTS ARE AVAILABLE ON MUNICIPAL SECURITIES RULEMAKING BOARD'S WEBSITE. THE ORGANIZATION DOES NOT MAKE OTHER GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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
(1) REX HEALTH VENTURES GP I LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 45-5070550	VENTURE CAPITAL INVESTMENT	NC			REX HOSPITAL INC

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) REX HEALTHCARE INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1509129	HEALTHCARE	NC	501(C)(3)	509(A)(3)	UNC HEALTHCARE		No
(2) THE REX HEALTHCARE FOUNDATION INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-6052117	SUPPORT OF REX HOSPITAL	NC	501(C)(3)	509(A)(3)	REX HEALTHCARE		No
(3) UNC HEALTH CARE SYSTEM 101 MANNING DRIVE CHAPEL HILL, NC 27514 56-2206970	HEALTHCARE	NC	501(C)(3)	LINE 3	UNC HEALTHCARE		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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) REX SURGERY CENTER OF CARY LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3684056	ASC	NC	REX HOSPITAL INC	RELATED	5,025,707	4,321,975		No			No	55 000 %
(2) JRH VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-4092967	MED CAMPUS DVLТ	NC	REX HOSPITAL INC	RELATED	-436,073	3,113,485		No			No	50 000 %
(3) REX HEALTH VENTURES I LP 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 37-1690478	VENTURE CAPITAL INVESTMENT	NC	REX HEALTH VENTURES	RELATED	-385,267	452,239		No			No	100 000 %

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
(1) REX ENTERPRISES COMPANY INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1553957	OPERATIONS SUPPORT	NC	REX HEALTHCARE	C					No
(2) REX PHYSICIANS LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 26-4594963	HEALTHCARE	NC	REX HOLDINGS	C					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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

No

Yes

No

Yes

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) REX HEALTHCARE FOUNDATION INC	B	838,217	FMV
(2) REX HEALTHCARE FOUNDATION INC	C	968,359	FMV
(3) REX PHYSICIANS LLC	D	38,956,922	FMV
(4) REX PHYSICIANS LLC	J	2,914,620	FMV
(5) REX PHYSICIANS LLC	L	2,639,353	FMV
(6) JRH VENTURES LLC	L	1,311,958	FMV

Schedule R (Form 990) 2012

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: 56-1509260

Name: REX HOSPITAL INC DBA REX HEALTHCARE

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
ADMINISTRATIVE SUPPORT,	PART V, LINE 1 N & O	SUCH AS EXECUTIVE MANAGEMENT, LEGAL, ACCOUNTING, HUMAN RESOURCES, PURCHASING AND IT, FOR EACH OF THESE ENTITIES IS PROVIDED BY REX HOSPITAL, INC PERSONNEL UTILIZING REX HOSPITAL FACILITIES AND OTHER ASSETS ESTIMATING THE VALUE OF THESE SHARED PERSONNEL AND ASSETS CANNOT BE READILY DETERMINED

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
REX HEALTHCARE FOUNDATION INC	B	838,217	FMV
REX HEALTHCARE FOUNDATION INC	C	968,359	FMV
REX PHYSICIANS LLC	D	38,956,922	FMV
REX PHYSICIANS LLC	J	2,914,620	FMV
REX PHYSICIANS LLC	L	2,639,353	FMV
JRH VENTURES LLC	L	1,311,958	FMV

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2013 AND 2012

REX HEALTHCARE, INC. AND SUBSIDIARIES
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YEARS ENDED JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rex Healthcare, Inc. and Subsidiaries
Raleigh, North Carolina

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Rex Healthcare, Inc. and Subsidiaries ("Rex"), which comprise the combined balance sheets as of June 30, 2013 and 2012, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free 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 auditors' 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 Rex'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 Rex's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Rex as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the combined financial statements, Rex adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* during the year ended June 30, 2013. In accordance with the provisions of that standard, Rex applied the provisions retroactively to all years presented in the combined financial statements.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, 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.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 and the Schedule of Plan Funding Progress on page 38 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Charlotte, North Carolina
September 6, 2013

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

Overview

The Management's Discussion and Analysis section of the Rex Healthcare, Inc. and Subsidiaries ("Rex") annual financial report is designed to provide a general overview of the financial position and operating results as of and for the fiscal years ended June 30, 2013 and 2012. This discussion and analysis should be read in conjunction with the combined financial statements and related notes which follow this discussion and analysis.

Rex Healthcare, Inc. is a private, not-for-profit health care organization located in Raleigh, North Carolina, and a member of the University of North Carolina Health Care System. The flagship facility is Rex Hospital, Inc., a 433-bed community hospital. Rex has a 119-year history of providing excellent health services. Rex Hospital, Inc. provides comprehensive care, including emergency, general surgery, orthopedics, oncology, vascular, cardiac, gynecology, and obstetric services on its main campus. Rex Hospital, Inc. reaches beyond the hospital setting to provide long-term care and sub-acute rehabilitation in two skilled nursing centers – a 120-bed center in Raleigh and a 107-bed facility in Apex. In Cary, Rex offers wellness and diagnostic services. Rex Surgery Center of Cary provides outpatient surgery services. At its Wakefield campus, Rex provides outpatient surgery, a full cancer center with medical and radiation oncology services, urgent care, diagnostics, family medicine and a wellness center. At its Knightdale campus, Rex provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center. In addition, Rex has a fourth medically supervised wellness center in Garner. Rex operates a home health service, outpatient rehab in three locations, and a senior health center in an underserved market in downtown Raleigh. Rex also provides radiation oncology services in Johnston County. Rex Healthcare of Holly Springs opened during 2012, providing urgent care, diagnostics and physician practices to residents in Southern Wake County.

Current Year Events

Rex Healthcare had a successful fiscal year 2013. State regulators granted a Certificate of Need (CON) application for UNC Health Care Heart & Vascular Hospital at Rex's main campus. That project will include the relocation of acute care beds from Rex's aging patient tower, relocation of existing operating rooms, and consolidation of all existing heart and vascular services in to a more convenient and accessible location.

Physician alignment continued to be a priority at Rex during the past fiscal year. Rex Neurosurgery & Spine Specialists and Rex Ear, Nose & Throat Specialists opened their doors in 2013. Rex expanded several of the physician practices with new locations and new physicians including Rex Vascular Surgical Specialists and Rex Pulmonary Specialists.

Rex's footprint continued to expand in 2013. Rex celebrated the opening of the Orthopaedic Surgery Center of Raleigh, a joint venture with physicians from Raleigh Orthopaedic Clinic. Rex relocated the Breast Care Center to a larger, more convenient site with new stereotactic biopsy and additional mammography equipment. Rex also opened a new Rex Bariatric Surgery office.

Rex continued to be recognized with significant accolades. Professional Research Consultants (PRC) nationally recognized Rex Healthcare for its achievements in patient service. Rex Medical Oncology, 4 East, 5 West, and Wakefield Surgery were awarded the PRC Five-Star Award, which recognizes

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

departments for being in the top 10 percent of departments nationwide. Rex was named a Top 100 Best Hospital in the nation by Becker's Hospital Review for 2013, and one of the 100 great places to work in healthcare.

Rex received an 'A' grade from the Leapfrog Group for Hospital Safety for the second consecutive year. The grade was based on data tracking preventable errors and medical complications. Additional accomplishments during fiscal year 2013 included implementation of a number of quality and safety initiatives such as the Just Culture Program, a readmission prevention clinic and a safe surgery checklist program.

Rex continues to invest in the latest technology including new PET and CT units. Rex also focused efforts on the social media world, introducing three consumer-targeted mobile apps – a Cancer Care app, a Rex Wellness app and a Rex Hospital Open app. Additionally, Rex and UNCHCS began the implementation of the EPIC electronic health record system.

Rex continued to take an active role in the health of our community. Rex offered athletic health screenings at local high schools and oversaw two successful Operation Medicine Drop events collecting nearly 200,000 medications across the county.

Rex's overall credit rating was reaffirmed by rating agencies Standard & Poor, Fitch and Moody's at A+/A1.

Using this Financial Report

Rex's financial statements report information of Rex using accounting methods similar to those used by private-sector health organizations. These statements offer short and long-term financial information about its activities.

Balance Sheet

The balance sheet shows the financial position of Rex and includes all of Rex's assets (resources), deferred outflows of resources, liabilities (claims to resources), deferred inflows of resources, and net position (equity). The balance sheet also provides the basis for evaluating the capital structure, liquidity and financial flexibility of Rex.

Statement of Revenues, Expenses and Changes in Net Position

Revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures the success of Rex's operations and can be used to determine whether Rex has successfully recovered all of its costs through its fees and other sources of revenue, profitability and credit worthiness.

Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing and capital and related financing activities, and noncapital related financing activities. It also provides answers to such questions as where cash comes from, what cash was used for and what the change in the cash balance was during the reporting period.

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

Notes to the Combined Financial Statements

Notes to the combined financial statements are designed to give the reader additional information concerning Rex and further supports the statements noted above.

Financial Analysis

The statement of revenues, expenses and changes in net position reports the net assets of Rex and the changes affecting them. Rex's net position, the difference between assets and liabilities, are a way to measure financial health or financial position. Over time, increases or decreases in Rex's net position are one indicator of whether its financial health is improving or deteriorating. However, one will also need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed governmental legislation.

Condensed Combined Balance Sheets

The following condensed combined balance sheets show the combined financial position at June 30, 2013, 2012 and 2011:

	2013	2012	2011
ASSETS			
Current Assets	\$ 176,283	\$ 171,410	\$ 191,366
Capital Assets, Net	283,235	287,299	264,912
Noncurrent Assets	258,738	244,716	221,735
Total Assets	<u>\$ 718,256</u>	<u>\$ 703,425</u>	<u>\$ 678,013</u>
LIABILITIES			
Long-Term Debt, Including Current Portion	\$ 146,032	\$ 155,566	\$ 159,430
Other Liabilities	115,144	99,666	105,118
Total Liabilities	<u>261,176</u>	<u>255,232</u>	<u>264,548</u>
NET POSITION			
Net Investment in Capital Assets	137,203	140,141	106,388
Restricted	5,227	4,082	3,959
Unrestricted	314,650	303,970	303,118
Total Net Position	<u>457,080</u>	<u>448,193</u>	<u>413,465</u>
Total Liabilities and Net Position	<u>\$ 718,256</u>	<u>\$ 703,425</u>	<u>\$ 678,013</u>

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

Current assets increased \$4,824 (2.8%) and decreased \$19,956 (10.4%) in 2013 and 2012, respectively. The 2013 increase is due to higher cash balances in the operating accounts. The 2012 decrease is a result of transferring \$20,000 of cash to the long-term investment portfolio. The increases result from growth in outpatient volumes, disciplined expense control, and improved reimbursement associated with renegotiated payor contracts.

Noncurrent assets increased \$14,012 (5.7%) in 2013 and \$22,981 (10.4%) in 2012, the result of investment earnings consistent with overall market performance as well as additional investment.

During 2013 and 2012, long-term debt decreased \$9,534 (6.1%) and \$3,864 (2.4%), respectively. The decrease in 2013 is the result of making scheduled principal payments. The decrease in 2012 is the result of making scheduled principal payments and the incurrence of \$4,104 of new capital lease obligations.

Net position increased \$8,828 (2.0%) in 2013 and \$34,728 (8.4%) during 2012, primarily the result of strong operating performance and investment earnings. Rex also experienced a loss in 2013 due to the write-off of certain abandoned construction in progress projects. For further information on this change, see the following statement of revenues, expenses and changes in net position.

Capital Assets

Rex's investment in capital assets consisted of the following at June 30, 2013, 2012 and 2011:

	2013	2012	2011
Land and Land Improvements	\$ 51,050	\$ 49,452	\$ 48,934
Buildings and Improvements	257,682	252,777	248,418
Equipment	347,401	321,861	291,263
Total Capital Assets	656,133	624,090	588,615
Accumulated Depreciation	(411,688)	(384,506)	(356,601)
Total Capital Assets, Net	244,445	239,584	232,014
Construction in Progress	38,790	47,715	32,898
Total Capital Assets	<u>\$ 283,235</u>	<u>\$ 287,299</u>	<u>\$ 264,912</u>

Investments in capital assets in 2013 consisted primarily of costs incurred in connection with the ongoing replacement of the central energy plant for the main campus, a new bed tower, and technology and imaging assets. Capital investments in 2012 consisted primarily of costs incurred in conjunction with the construction of Rex Healthcare of Holly Springs, a replacement Central Energy Plant for the main campus, and technology assets.

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

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

While the combined balance sheets show the financial position of Rex, the following combined statements of revenues, expenses and changes in net position provides answers to the nature and source of changes in net position for the years ended June 30, 2013, 2012 and 2011:

	2013	2012	2011
Operating Revenues	\$ 731,381	\$ 706,612	\$ 625,592
Operating Expenses	686,150	654,515	577,156
Operating Income	45,231	52,097	48,436
Nonoperating Income (Loss)	817	(1,807)	26,232
Contributions and Other	(37,161)	(15,562)	(5,609)
Change in Net Position	8,887	34,728	69,059
Net Position, Beginning of Period	448,193	413,465	344,406
Net Position, End of Period	\$ 457,080	\$ 448,193	\$ 413,465

Operating Income

The increase in operating revenues in 2013 and 2012 is primarily the result of volume growth, increased reimbursement resulting from renegotiated payor contracts, and effective cost control. In addition, Rex recognized approximately \$11,802 in 2012 operating revenues related to the new Upper Payment Limit plan. Of the \$11,802 recognized in 2012, \$7,332 related to the 2011 Upper Payment Limit Plan year. The increases in operating expenses in each year are the result of changes in patient volumes, inflation and expansion of services offered, mitigated by coordinated cost control measures. The increase in operating income is the net result of all these factors.

REX HEALTHCARE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(IN \$000'S)

Nonoperating Income

Nonoperating income consisted of the following for the years ended June 30, 2013, 2012 and 2011:

	2013	2012	2011
Interest Income	\$ 695	\$ 888	\$ 983
Dividend Income	3,991	3,080	1,946
Realized Gains (Losses), Net	8,324	698	3,430
Net Change in Unrealized Gains (Losses) on Investments	9,052	(9,540)	21,990
Brokerage Fees	(1,086)	(912)	(745)
Total Investment Income (Loss)	<u>20,976</u>	<u>(5,786)</u>	<u>27,604</u>
Loss from Abandonment of Construction in Progress	(16,783)	-	-
Other	(3,376)	3,979	(1,372)
Total Nonoperating Income (Loss)	<u>\$ 817</u>	<u>\$ (1,807)</u>	<u>\$ 26,232</u>

Finance Contact

Rex's combined financial statements are designed to present users with a general overview of Rex's finances and to demonstrate Rex's financial accountability. If you have any questions about this report or need additional financial information, inquiries may be sent to:

Chief Financial Officer
Rex Healthcare, Inc.
4420 Lake Boone Trail
Raleigh, North Carolina 27607

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED BALANCE SHEETS
JUNE 30, 2013 AND 2012
(IN \$000's)

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 73,998	\$ 67,340
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of Approximately \$20,987 in 2013 and \$15,064 in 2012	78,678	75,269
Other Receivables	6,933	10,936
Inventories	11,249	10,102
Prepaid Expenses and Other Current Assets	5,425	7,763
Total Current Assets	<u>176,283</u>	<u>171,410</u>
ASSETS LIMITED AS TO USE	245,131	230,948
CAPITAL ASSETS, NET	283,235	287,299
OTHER ASSETS		
Investments in Affiliates	11,687	10,846
Deferred Debt Issuance Costs, Net	1,163	1,286
Other Assets	757	1,636
Total Other Assets	<u>13,607</u>	<u>13,768</u>
Total Assets	<u><u>\$ 718,256</u></u>	<u><u>\$ 703,425</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 7,399	\$ 6,685
Vendor Accounts Payable	41,834	36,060
Accrued Expenses and Other Liabilities	59,681	58,027
Estimated Third-Party Payor Settlements	13,000	4,417
Total Current Liabilities	<u>121,914</u>	<u>105,189</u>
LONG-TERM DEBT , Net of Current Maturities	138,633	148,881
OTHER NONCURRENT LIABILITIES	629	1,162
Total Liabilities	<u>261,176</u>	<u>255,232</u>
NET POSITION		
Net Investment in Capital Assets	137,203	140,141
Restricted	5,227	4,082
Unrestricted	314,650	303,970
Total Net Position	<u>457,080</u>	<u>448,193</u>
Total Liabilities and Net Position	<u><u>\$ 718,256</u></u>	<u><u>\$ 703,425</u></u>

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012
(IN \$000's)

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Net Patient Service Revenue (Net of Provision for Uncollectible Accounts of Approximately \$26,594 in 2013 and \$21,375 in 2012)	\$ 701,745	\$ 675,480
Other Operating Revenues	29,636	31,132
Total Operating Revenues	<u>731,381</u>	<u>706,612</u>
OPERATING EXPENSES		
Salaries	295,944	285,008
Employee Benefits	90,703	81,056
Medical Supplies and Other Expenses	263,525	256,297
Depreciation and Amortization	30,813	27,108
Interest	5,165	5,046
Total Operating Expenses	<u>686,150</u>	<u>654,515</u>
OPERATING INCOME	45,231	52,097
NONOPERATING INCOME (LOSS)		
Investment Income, Net	20,976	(5,786)
Other, Net	(20,159)	3,979
Nonoperating Income, Net	<u>817</u>	<u>(1,807)</u>
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	46,048	50,290
CONTRIBUTIONS TO RELATED PARTY	(38,017)	(12,982)
OTHER	<u>856</u>	<u>(2,580)</u>
CHANGE IN NET POSITION	8,887	34,728
Net Position - Beginning of Year	<u>448,193</u>	<u>413,465</u>
NET POSITION - END OF YEAR	<u><u>\$ 457,080</u></u>	<u><u>\$ 448,193</u></u>

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012
(IN \$000's)

	2013	2012
OPERATING ACTIVITIES		
Receipts from Third-Party Payors and Patients	\$ 710,922	\$ 657,627
Payments to and on Behalf of Employees	(380,309)	(362,270)
Payments to Suppliers	(264,846)	(257,301)
Other Receipts	30,893	20,219
Net Cash Provided by Operating Activities	<u>96,660</u>	<u>58,275</u>
INVESTING ACTIVITIES		
Purchases and Sales of Investments, Net	(17,105)	(49,876)
Contributions to Related Party	(38,017)	(12,982)
Investment Income	11,924	3,754
Other Nonoperating Income, Net	(3,376)	9,929
Net Cash Used in Investing Activities	<u>(46,574)</u>	<u>(49,175)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(43,246)	(42,731)
Proceeds from Issuance of Long-Term Debt, Net of Premium	1,899	30,072
Principal Repayments of Long-Term Debt	(11,301)	(37,917)
Cash Paid for Interest on Long-Term Debt	(2,754)	(2,076)
Net Cash Used in Capital and Related Financing Activities	<u>(55,402)</u>	<u>(52,652)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(5,316)	(43,552)
Cash and Cash Equivalents - Beginning of Year	<u>79,474</u>	<u>123,026</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 74,158</u></u>	<u><u>\$ 79,474</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO COMBINED BALANCE SHEETS:		
Cash and Cash Equivalents in Current Assets	\$ 73,998	\$ 67,340
Cash and Cash Equivalents in Assets Limited as to Use	160	12,134
Total Cash and Cash Equivalents	<u><u>\$ 74,158</u></u>	<u><u>\$ 79,474</u></u>

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012
(IN \$000's)

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 45,231	\$ 52,097
Interest Expense Considered Capital Financing Activity	5,165	5,046
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Provision for Uncollectible Accounts	26,594	21,375
Depreciation and Amortization	30,873	27,108
(Gain) Loss on Disposal of Capital Assets	(179)	(2,482)
Changes in Assets and Liabilities		
Patient and Other Receivables, Net	(26,000)	(33,394)
Accounts Payable and Accrued Expenses	5,017	12,014
Estimated Third-Party Payor Settlements	8,583	(20,223)
Other Assets and Liabilities, Net	1,376	(3,266)
Net Cash Provided by Operating Activities	<u>\$ 96,660</u>	<u>\$ 58,275</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Net Change in Unrealized Gains (Losses) on Investments	<u>\$ 9,052</u>	<u>\$ (9,540)</u>
Additions to Capital Assets Included in Current Liabilities	<u>\$ -</u>	<u>\$ 5,762</u>
Capital Assets Acquired through Capital Lease Obligations	<u>\$ -</u>	<u>\$ 4,104</u>
Loss on Abandonment of Construction in Progress	<u>\$ (16,783)</u>	<u>\$ -</u>

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 1 ORGANIZATION

Rex Healthcare, Inc. ("Rex") is a North Carolina not-for-profit corporation organized to provide a broad range of health care services to residents of the Triangle area of North Carolina. Acting through its network of operating affiliates, Rex provides health care to patients from several locations through continued development of acute care and non-hospital programs.

Rex's sole member is the University of North Carolina Health Care System ("UNCHCS"). UNCHCS appoints eight of the thirteen seats on Rex's Board of Trustees. Additionally, UNCHCS reviews and approves Rex's annual operating and capital budgets. Rex's financial data is incorporated into the comprehensive annual financial report of UNCHCS.

As required by accounting principles generally accepted in the United States of America, the combined financial statements of Rex present the financial position and results of operations of the primary enterprise and its blended component units which are described below:

Rex Hospital, Inc. – Rex Hospital, Inc. (the "Hospital"), located in Raleigh, North Carolina, is a 433-bed hospital. The Hospital provides inpatient, outpatient and emergency services primarily to the residents of Wake County, North Carolina. The Hospital operates on its main campus Rex Cancer Center, Rex Women's Center and Rex Rehabilitation and Nursing Care Center of Raleigh, a 120-bed nursing facility. The Hospital provides urgent care and diagnostics at its Cary, North Carolina campus, and outpatient surgery, oncology and wellness services, urgent care, family medicine and diagnostics at its Wakefield campus. Rex's Knightdale campus provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center. Rex also operates Rex Rehabilitation and Nursing Care Center of Apex, a 107-bed nursing facility located in Apex, North Carolina. Rex's Holly Springs campus, opened December 2011, provides urgent care, diagnostics and physician practice services.

Rex Holdings, LLC – Rex formed and became the sole member of Rex Holdings, LLC ("Holdings"), a single member limited liability company. Holdings was formed to hold membership interest in various limited liability companies. During fiscal year 2012, there was no activity related to this entity.

Rex Physicians, LLC – Holdings formed and became the sole member of Rex Physicians LLC ("Physicians"), a single member limited liability company which has elected to be treated as a taxable corporation. Physicians was formed to operate specialty physician practices serving the residents of Wake County and surrounding areas. Physicians currently operates physician practices in the areas of general surgery, heart and vascular services, and thoracic surgery.

Rex Enterprises Company, Inc. – Rex Enterprises Company, Inc. ("Enterprises") is a North Carolina for-profit corporation organized to hold investments in various affiliates and to promote the development of real property in support of the mission of Rex.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 1 ORGANIZATION (CONTINUED)

Rex Wakefield Enterprises, LLC – Rex Wakefield enterprises (formerly known as Rex CDP Ventures, LLC) ("RWE"), is a limited liability company organized to own and develop real estate in the Wakefield community of northern Wake County. At June 30, 2013, RWE was the sole member of the following limited liability companies:

Rex Wakefield Wellness, LLC – RWE is the sole member of Rex Wakefield Wellness, LLC ("Wellness"), a single member limited liability company. Wellness was created to develop a wellness center building on the Wakefield campus of the Hospital. The Hospital leases the building from Wellness.

Rex Wakefield MOB, LLC – RWE is the sole member of Rex Wakefield MOB (formerly known as Wakefield Rex Investors MOB, LLC) ("MOB"), a single member limited liability company. MOB was formed to develop a medical office building on the Wakefield campus of the Hospital. The Hospital leases space from MOB.

Rex CDP Ventures – HT, LLC – RWE was the sole member of Rex CDP Ventures – HT, LLC ("HT"), a single member limited liability company formed to develop a retail unit of the Wakefield campus of the Hospital. During 2012, Ventures sold essentially all of HT's assets to an unrelated party and transferred the remaining assets to RWE in 2013.

Rex CDP Ventures – Retail, LLC – RWE was the sole member of Rex CDP Ventures – Retail, LLC ("Retail"), a single member limited liability company formed to develop a retail unit of the Wakefield campus of the Hospital. During 2012, Ventures sold approximately 63% of Retail's capital assets to an unrelated party and transferred the remaining assets to Enterprises in 2013.

Rex Healthcare Foundation, Inc. – Rex Healthcare Foundation, Inc. (the "Foundation") is a North Carolina not-for-profit corporation organized to promote the health and welfare of the people of the Triangle area by promoting philanthropic contributions and public support of Rex.

Rex Home Services, Inc. – The Hospital formed Rex Home Services, Inc. ("Home Services"), a North Carolina not-for-profit corporation, organized to provide home health services primarily to the residents of Wake County, North Carolina. During 2013, all of Home Services assets and services were transferred to the Hospital.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 1 ORGANIZATION (CONTINUED)

Rex Health Ventures – In April 2012, Rex created Rex Health Ventures, LLC, Rex Health Ventures GP I, LLC and Rex Health Ventures I, LLP (collectively “Rex Health Ventures” or “RHV”). RHV was formed as a venture capital fund to invest in and partner with health care startup companies and entrepreneurs. RHV invests in organizations that support the discovery and development of new treatments, tools, products and services that foster innovation and positively impact the provision of health care. Rex has committed to investing up to \$10,000 in RHV. Following is the organizational structure of the RHV entities:

Rex Health Ventures GP I, LLC – The Hospital is the sole member of Rex Health Ventures GP I, LLC (“RHV GP”).

Rex Health Ventures I, LLP – The Hospital is the sole limited partner in Rex Health Ventures I, LLP (“RHVI”) and RHV GP is the sole general partner. RHVI is the venture capital fund and invests in startup companies. At June 30, 2013 and 2012, RHVI had invested \$1,498 and \$500, respectively, for a 6% and 3% interest, respectively, in an unrelated pharmaceutical startup company. RHV accounts for this investment utilizing the cost method of accounting. Management has determined there is no impairment of this investment at June 30, 2013 and 2012.

Rex Health Ventures, LLC – Enterprises is the sole member of Rex Health Ventures, LLC (“RHVLLC”), which provides management services to RHVI.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As a result of the transfer of the membership interest to UNCHCS, an agency of the State of North Carolina, Rex is subject to the application of accounting pronouncements issued by the Governmental Accounting Standards Board (GASB). In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board Statements and other pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement became effective for Rex’s fiscal year ended June 30, 2013.

The accompanying basic combined financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) in accordance with the American Institute of Certified Public Accountants’ audit and accounting guide, *Health Care Entities*, and other pronouncements applicable to health care organizations and guidance from the GASB, where applicable. The basic combined financial statements include all of the accounts of Rex. Intercompany accounts and transactions have been eliminated in combination.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less, and which are not designated as investments, are considered to be cash equivalents and are recorded at cost which approximates market value.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

Investments

Investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, are measured at fair value in the accompanying balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income (loss) in the accompanying combined financial statements. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments.

Investments in Affiliates

Quality Textile Services, Inc. - Enterprises own a 50% interest in Quality Textile Services, Inc. ("QTS"), a Raleigh, North Carolina company that provides laundry services to local hospitals. Enterprises exercises significant influence over QTS; however, it does not control it through a majority voting interest. This investment is accounted for using the equity method of accounting; accordingly, Enterprises' investment has been adjusted for its share of QTS's operations. Enterprises' equity in the net income of this affiliate totaled approximately \$(34) and \$60 for the years ended June 30, 2013 and 2012, respectively, and is included in net nonoperating income. Enterprises received no cash distributions from QTS during 2013 or 2012. Enterprises' investment in QTS totaled approximately \$2,323 and \$2,313 as of June 30, 2013 and 2012, respectively. Separate financial statements for QTS are not publicly available.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Affiliates (Continued)

Rex Cary MOB, LLC - Enterprises owns a 32.5% interest in Rex Cary MOB, LLC, a company that in July 2003, built and began leasing a medical office building in Cary, North Carolina. Enterprises' investment has been adjusted for its share of Rex Cary MOB, LLC's operations. Enterprises accounts for its investment in the affiliate under the equity method of accounting since it exercises significant influence over the affiliate, but does not have financial accountability. Enterprises' equity in the net income of this affiliate totaled approximately \$294 and \$303 for the years ended June 30, 2013 and 2012, respectively, and is included in net nonoperating income. Additionally, Enterprises received cash distributions from Rex Cary MOB, LLC totaling approximately \$311 and \$121 during 2013 and 2012, respectively. Enterprises' investment in Rex Cary MOB, LLC totaled approximately \$778 and \$795 as of June 30, 2013 and 2012, respectively. Separate financial statements for Rex Cary MOB, LLC are not publicly available.

JRH Ventures, LLC – On February 1, 2012, the Hospital assigned 100% of its membership interest in Smithfield Radiation Oncology to JRH Ventures, LLC ("JRH"), a limited liability company organized to own and operate linear accelerators, in exchange for a 50% member interest in JRH. The Hospital accounts for its investment in JRH under the equity method of accounting since it exercises significant influence over JRH, but does not have financial accountability. The Hospital's equity in the net income of this affiliate totaled approximately \$(213) and \$(422) for the years ended June 30, 2013 and 2012, respectively, and is included in net nonoperating income. The Hospital's investment in JRH totaled approximately \$2,590 and \$286 as of June 30, 2013 and 2012, respectively. Separate financial statements for JRH are not publicly available.

Rex Surgery Center of Cary, LLC – Rex Surgery Center of Cary, LLC ("CSC") is a limited liability company organized to own and operate an ambulatory surgery center. CSC was formed and began operations on February 28, 2011. The Hospital owned 55% and 79.5% of the membership interests at June 30, 2013 and 2012, respectively. Per the membership agreement, both the Hospital and the unrelated party now maintain 50/50 voting rights, regardless of the ownership structure. Prior to 2013, the Hospital accounted for CSC as a blended component unit, with a non-controlling interest. Upon adoption of GASB No. 61, CSC is now treated as an equity investment of the Hospital. In accordance with the standard, this treatment has been retroactively applied to all periods presented in the combined financial statements, and resulted in no change to previously reported change in net position. Separate financial statements for CSC are not publicly available.

Rex MOB Partners, LLC - Enterprises owns less than a 5% interest in Rex MOB Partners, LLC, a company that operates a multi-tenant medical office building in Raleigh, North Carolina on land leased from the Hospital. Enterprises does not exercise significant influence over the affiliate, and accounts for the investment using the cost method of accounting. Enterprises' investment in Rex MOB Partners, LLC totaled approximately \$300 as of June 30, 2013 and 2012. Management has determined there is no impairment of this investment at June 30, 2013 and 2012. Separate financial statements for Rex MOB Partners, LLC are not publicly available.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital asset acquisitions are recorded at cost and include interest on funds used to finance the acquisition or construction of major capital projects. Assets under capital lease are stated at the present value of the minimum lease payments at the inception of the lease. Depreciation is provided on both straight-line and accelerated methods over the estimated useful lives of the depreciable assets which is generally 5 to 15 years for equipment, 5 to 15 years for building improvements, and 30 to 40 years for buildings.

Assets under capital leases and leasehold improvements are depreciated over the estimated useful life or the related lease term, whichever is shorter; generally periods ranging from 5 to 7 years. Depreciation of assets under capital leases and leasehold improvements is included in depreciation and amortization expense in the accompanying statements of revenues, expenses and changes in net assets.

Deferred Debt Issuance Costs

Deferred debt issuance costs are amortized over the term of the related bond issuance under a method which approximates the effective interest method over the life of the bonds. Amortization of deferred debt issuance costs totaled approximately \$122 and \$119 for years ended June 30, 2013 and 2012. Cumulative amortization of deferred debt issuance costs totaled approximately \$336 and \$214 as of June 30, 2013 and 2012, respectively.

Other Assets

Other assets consisted primarily of long-term notes receivable and deferred lease assets at June 30, 2013 and 2012:

Proprietary Fund Accounting

Rex utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Net Position

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets is intended to reflect the portion of net position that is associated with nonliquid capital assets less outstanding capital-related debt. Restricted net position is assets generated from revenues that have third-party limitations as to their use. Unrestricted net position has no third-party restrictions as to use.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted net position included the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Restricted Net Position		
Expendable		
Various Scholarships, Lectureships and Buildings	\$ 1,157	\$ 1,184
Various Supplies, Equipment and Patient Charity Care	3,691	2,573
Total Expendable	<u>4,848</u>	<u>3,757</u>
Nonexpendable		
Endowments	379	325
Total Restricted Net Position	<u>\$ 5,227</u>	<u>\$ 4,082</u>

Net Patient Service Revenue

Net patient service revenue is recorded at established rates when services are provided with contractual adjustments, estimated bad debt expenses, and services qualifying as charity care deducted to arrive at net patient service revenue. Contractual adjustments arise under reimbursement agreements with certain insurance carriers, health maintenance organizations and preferred provider organizations, which provide for payments that are generally less than established billing rates. Contractual adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the future as final settlements are determined. Total contractual adjustments were approximately \$1,209,000 and \$1,141,000, respectively, for the years ended June 30, 2013 and 2012.

Medicare and Medicaid Programs

Services rendered to Medicare program beneficiaries and inpatient services rendered to Medicaid program beneficiaries are paid primarily at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors and cover both operating and capital costs. Outpatient services rendered to Medicaid beneficiaries are reimbursed based on a percentage of actual costs incurred. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by fiscal intermediaries. Final settlements are based on regulations established by the respective programs and as interpreted by fiscal intermediaries. The classification of patients under the Medicare and Medicaid programs, and the appropriateness of their admission, are subject to review by an independent peer review organization.

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medicare and Medicaid Programs (Continued)

Accounts receivable and patient service revenue relating to these programs are stated at estimated net realizable amounts in the accompanying combined financial statements. The Hospital's Medicare cost reports have been audited through June 30, 2007. During 2013, the Hospital filed the 2012 Medicare cost report, resulting in a tentative cash settlement of approximately \$389. During 2012, the Hospital filed the 2011 Medicare cost report, resulting in a tentative cash settlement of approximately \$410. For the years ended June 30, 2013 and 2012, net patient service revenue increased by approximately \$8,613 and \$20,190, respectively, as a result of changes in estimates related to various third-party accruals and reserves.

The Hospital has historically participated in the voluntary North Carolina Medicaid Reimbursement Initiative Program (the "MRI Program"). The MRI Program allowed the Hospital to receive additional annual Medicaid funding for its disproportionate share costs. In March 2012, the Center for Medicare and Medicaid Services ("CMS") approved two new disproportionate share plans for North Carolina.

The first plan covers the UNCHCS hospitals (The UNC Upper Payment Limit or "UPL Plan"), including Rex. The second plan covers all other non-state government hospitals and private hospitals in North Carolina (the "GAP Plan") and is essentially a supplemental upper payment limit plan to the existing MRI Program. Under the UNC UPL Plan, Rex does not participate in the GAP Plan and no longer participates in the MRI Program.

Under the provisions of the UPL Plan, Rex is assessed an inter-governmental transfer ("IGT Payment") by the North Carolina Medicaid program ("Medicaid"), in return Medicaid makes an upper payment limit payment to Rex. When both amounts are reasonably estimable and probable of payment, Rex recognizes the revenues related to the UPL Plan as net patient service revenue.

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medicare and Medicaid Programs (Continued)

Both the UPL Plan and the GAP Plan were approved in March 2012; however, the provisions were retroactively effective to October 1, 2010 and January 1, 2011, respectively. Thus, Rex has recognized approximately nine months of revenue in 2012 that related to the 2011 federal fiscal UPL plan year. The following table summarizes the revenue recognized by Rex related to these plans for the years ended June 30, 2013 and 2012:

	2013	2012
UPL Plan Year - 2011		
IGT Payment	\$ -	\$ (17,150)
UPL Revenue	-	24,950
	-	7,800
Reserve for future settlements	-	(234)
	-	7,566
UPL Plan Year - 2012		
IGT Payment	-	(16,622)
UPL Revenue	-	21,230
	-	4,608
Reserve for future settlements	-	(297)
	-	4,311
UPL Plan Year - 2013		
IGT Payment	(9,996)	-
UPL Revenue	18,426	-
	8,430	-
Reserve for future settlements	(430)	-
	8,000	-
	<u>\$ 8,000</u>	<u>\$ 11,877</u>

Other Payors

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

Concentrations of Credit Risk

Rex provides services primarily to residents of Wake and surrounding counties without collateral or other proof of ability to pay. Concentrations of credit risk with respect to patient accounts receivable are limited due to large numbers of patients served and formalized agreements with third-party payors. Rex has significant accounts receivable whose collectability is dependent upon the performance of certain governmental programs, primarily Medicare. Management does not believe there are significant credit risks associated with these governmental programs.

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk (Continued)

The aggregate mix of accounts receivable from patients and third-party payors was as follows at June 30, 2013 and 2012:

	2012	2011
Medicare	25 %	25 %
Medicaid	3	3
Managed Care	53	52
Self Pay	19	20
Total	<u>100 %</u>	<u>100 %</u>

Charity Care

Rex provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because Rex does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue or accounts receivable in the accompanying financial statements. Rex maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The amount of charity care provided, based on charges foregone, was approximately \$89,000 and \$91,000 for the years ended June 30, 2013 and 2012, respectively.

Functional Expenses

Rex does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Further, since Rex receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

Operating Income

Rex classifies all revenues and expenses earned or incurred in the course of providing health care to patients as operating activities.

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonoperating Income (Loss)

Nonoperating income (loss) consists primarily of investment income and other miscellaneous income and expense items. Income (loss) related to Rex's equity investments in affiliates, excluding CSC, are included in other nonoperating income (loss). Earnings related to CSC are reported in other operating income. Nonoperating income (loss) consisted of the following for the years ended June 30, 2013 and 2012:

	2013	2012
Interest Income	\$ 695	\$ 888
Dividend Income	3,991	3,080
Realized Gains (Losses), Net	8,324	698
Net Change in Unrealized Gains (Losses) on Investments	9,052	(9,540)
Brokerage Fees	(1,086)	(912)
Total Investment Income (Loss)	<u>20,976</u>	<u>(5,786)</u>
Loss from Abandonment of Construction in Progress	(16,783)	-
Other	(3,376)	3,979
Total Nonoperating Income, Net	<u>\$ 817</u>	<u>\$ (1,807)</u>

Capitalized Interest

Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest of approximately \$408 was capitalized during the year ended June 30, 2012.

Electronic Health Record Incentive Payments

As discussed in Note 10, Rex received funds under the Electronic Health Records (EHR) Incentive Program during 2012. The Hospital recognizes revenue at the completion of the EHR reporting period and all meaningful use objectives and any other specific grant requirements that are applicable (such as electronic transmission of quality measures in the second and subsequent payment years) are met.

Risk Management

Rex 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; employee health, dental, and accident benefits; and medical malpractice (see Note 9). Commercial insurance and stop loss coverage is purchased for claims arising from such matters, subject to various deductibles.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

Rex, the Hospital, the Foundation, and Home Services are exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code. Enterprises is a taxable corporation that previously had net operating loss carryforwards which expired in 2012. Physicians is a single member limited liability company that has elected to be taxed as a for-profit corporation. Physicians had a net operating loss in 2013 and 2012.

Enterprises is the sole member of RWE, and RWE is the sole member of Wellness, MOB and RHVLLC. As such, these entities are considered disregarded entities for tax purposes.

Significant Future Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this statement is to establish new accounting and financial reporting requirements for governments that provide their employees with pensions. The requirements in this statement will change how governments calculate and report the costs and obligations associated with pensions and improve the decision-usefulness of reported pension information and increase the transparency, consistency, and comparability of pension information across governments. This statement will be effective for Rex's fiscal year ending June 30, 2015. Management is currently evaluating the impact of adopting this statement, but it could be significant to the combined balance sheet.

Reclassifications

Certain amounts in the 2012 combined financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on previously reported changes in net position.

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Assets Limited as to Use

At June 30, 2013 and 2012, Rex had the following investments, all of which were held by custodians that are agents of Rex:

	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents	\$ 160	\$ 12,134
Certificates of Deposit	450	300
Mutual Funds	58,810	153,960
Equities	114,249	11,104
Alternative Investments	71,462	53,450
	<u>\$ 245,131</u>	<u>\$ 230,948</u>

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
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NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Assets Limited as to Use (Continued)

As of June 30, 2013, all of these investments had maturities of one year or less.

Interest rate risk – Rex has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy requires that the duration of the portfolio shall not exceed six years and its average maturity shall range between two and six years.

Credit risk – Rex's investment policy allows it to invest in (i) direct obligations or obligations on which the principal and interest are unconditionally guaranteed by the United States government; (ii) obligations issued by an approved agency or corporation wholly-owned by the United States government; (iii) interest-bearing time deposits, certificates of deposit or other approved forms of deposits in any bank or trust company in North Carolina which satisfies insurance and, if necessary, collateral requirements for holding Company money; and (iv) corporate notes and bonds.

Alternative investments are investments in the common stock of limited investment companies that offer a pattern of returns different from that of the overall market and occasionally have lesser levels of liquidity. Examples of alternative investments include non-publicly traded companies, real estate and hedge funds.

Concentration of credit risk – Rex limits the amount it may invest in any single issuer. Fixed income holdings in a single issuer (excluding obligations of the United States Government, its agencies and government sponsored entities) shall be limited to 5 percent of the portfolio measured at market value at the time of purchase. Treasuries, agencies and government-sponsored entities have no issuer limits. Securities rated under "A-" are limited to 3% per issuer.

Custodial credit risk – At year end, Rex's investments were not exposed to custodial credit risk.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Assets Limited as to Use (Continued)

The carrying amount of deposits and investments included in the combined balance sheets are as follows at June 30, 2013 and 2012:

	2013	2012
Carrying Amount		
Deposits	\$ 74,158	\$ 79,474
Investments	244,971	218,814
	<u>\$ 319,129</u>	<u>\$ 298,288</u>
Included in the Following Balance Sheet Captions		
Cash and Cash Equivalents	\$ 73,998	\$ 67,340
Assets Limited as to Use		
Restricted by Contributors and Grantors	5,227	4,082
Bond Funds Held by Trustee	-	7,333
Designated for Long-Term Investment	239,904	219,533
	<u>245,131</u>	<u>230,948</u>
	<u>\$ 319,129</u>	<u>\$ 298,288</u>

All investments in securities are on deposit with Rex's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts. Rex's ownership of these securities is identified through the internal records of the fiduciary agent. Certain of these securities are optionally callable at par by the issuer on specified dates.

NOTE 4 CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of changes in the historical cost of capital assets and accumulated depreciation and amortization related to capital assets for the year ended June 30, 2013 is as follows:

	June 30, 2012	Transfers/ Additions	Transfers/ Retirements	June 30, 2013
CAPITAL ASSETS AT COST				
Land	\$ 29,912	\$ -	\$ -	\$ 29,912
Land Improvements	19,540	1,598	-	21,138
Buildings and Improvements	252,777	6,551	(1,646)	257,682
Equipment	321,861	37,537	(11,997)	347,401
Construction in Progress	47,715	42,156	(51,081)	38,790
Total	<u>671,805</u>	<u>87,842</u>	<u>(64,724)</u>	<u>694,923</u>
ACCUMULATED DEPRECIATION				
Land Improvements	7,506	634	30	8,170
Buildings and Improvements	127,297	10,467	(16)	137,748
Equipment	249,703	17,653	(1,586)	265,770
Total	<u>384,506</u>	<u>28,754</u>	<u>(1,572)</u>	<u>411,688</u>
Capital Assets, Net	<u>\$ 287,299</u>	<u>\$ 59,088</u>	<u>\$ (63,152)</u>	<u>\$ 283,235</u>

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 CAPITAL ASSETS AND ACCUMULATED DEPRECIATION (CONTINUED)

A summary of changes in the historical cost of capital assets and accumulated depreciation and amortization related to capital assets for the year ended June 30, 2012 is as follows:

	June 30, 2011	Transfers/ Additions	Transfers/ Retirements	June 30, 2012
CAPITAL ASSETS AT COST				
Land	\$ 32,475	\$ 7,280	\$ (9,843)	\$ 29,912
Land Improvements	16,459	3,081	-	19,540
Buildings and Improvements	248,418	12,318	(7,959)	252,777
Equipment	291,263	31,215	(617)	321,861
Construction in Progress	32,898	25,645	(10,828)	47,715
Total	<u>621,513</u>	<u>79,539</u>	<u>(29,247)</u>	<u>671,805</u>
ACCUMULATED DEPRECIATION				
Land Improvements	6,677	829	-	7,506
Buildings and Improvements	117,042	10,779	(524)	127,297
Equipment	232,882	17,416	(595)	249,703
Total	<u>356,601</u>	<u>29,024</u>	<u>(1,119)</u>	<u>384,506</u>
Capital Assets, Net	<u>\$ 264,912</u>	<u>\$ 50,515</u>	<u>\$ (28,128)</u>	<u>\$ 287,299</u>

The capital acquisitions' figures above are presented net of transfers from construction in progress to operating asset categories and sales and other dispositions. Depreciation expense related to Ventures and its related entities is included in other nonoperating income. Depreciation and amortization expense totaled approximately \$30,813 and \$27,108 for the years ended June 30, 2013 and 2012, respectively. The expense shown in the table above is net of decreases in accumulated depreciation for sales and other dispositions of capital assets. During the year ended June 30, 2013, Rex abandoned certain CIP projects resulting in losses of approximately \$16,783. These losses are reported as non-operating loss in the accompanying combined financial statements.

At June 30, 2013 and 2012, equipment under capital obligations had a cost of approximately \$7,394 and accumulated amortization of approximately \$2,494 and \$2,314, respectively.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 5 ACCOUNTS RECEIVABLE AND ACCRUED EXPENSES

Accounts receivable, accrued expenses and other liabilities consisted of the following at June 30, 2013 and 2012:

	2013	2012
Gross Receivables		
Medicare	\$ 45,732	\$ 42,557
Medicaid	5,677	5,174
Managed Care	93,862	84,646
Self Pay	41,425	32,141
	<u>186,696</u>	<u>164,518</u>
Less		
Contractual Allowances	(87,031)	(74,185)
Allowance for Doubtful Accounts	(20,987)	(15,064)
	<u>\$ 78,678</u>	<u>\$ 75,269</u>
Accrued Salaries, Wages and Withholdings	\$ 30,695	\$ 29,451
Accrued Paid Time Off	14,790	14,856
Reserve for Workers' Compensation Claims	2,373	1,804
Reserve for Employee Health Benefit Claims	2,456	2,805
Reserve for Medical Malpractice Claims	624	2,152
Other	8,743	6,959
	<u>\$ 59,681</u>	<u>\$ 58,027</u>

NOTE 6 LONG-TERM DEBT

A summary of long-term debt and changes in long-term debt for the years ended June 30, 2013 and 2012 is as follows:

	June 30, 2011	Borrowings	Payments and Amortization	June 30, 2012	Borrowings	Payments and Amortization	June 30, 2013
Series 2010A Bonds	\$ 122,965	\$ -	\$ (3,118)	\$ 119,847	\$ -	\$ (4,647)	\$ 115,200
Construction Loan	32,683	-	(32,683)	-	-	-	-
Notes Payable	-	30,072	(262)	29,810	1,899	(4,898)	26,811
Obligations Under Capital Lease	1,333	4,104	(1,854)	3,583	-	(1,756)	1,827
	<u>156,981</u>	<u>34,176</u>	<u>(37,917)</u>	<u>153,240</u>	<u>1,899</u>	<u>(11,301)</u>	<u>143,838</u>
Bond Premium, Net	4,230	-	(379)	3,851	-	(366)	3,485
Deferred Loss on Refunding	(1,781)	-	256	(1,525)	-	234	(1,291)
	<u>\$ 159,430</u>	<u>\$ 34,176</u>	<u>\$ (38,040)</u>	<u>\$ 155,566</u>	<u>\$ 1,899</u>	<u>\$ (11,433)</u>	<u>\$ 146,032</u>

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 6 LONG-TERM DEBT (CONTINUED)

Bonds Payable

In October 2010, Rex issued \$122,965 Series 2010A Health Care Facilities Revenue and Revenue Refunding Bonds (2010A Bonds) through the North Carolina Medical Care Commission ("Commission"). The proceeds were used to refund the previously outstanding 1998 Bonds, fund costs of construction and equipment related to the relocation of Rex's power plant, pay construction period interest, and pay for issuance costs for the 2010A Bonds.

The 2010A Bonds mature annually in amounts ranging from \$1,000 to \$8,130 and bear interest at rates between 2.00% and 5.00% for amounts maturing between 2011 and 2030. Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service.

The 2010A Bonds are secured by a pledge of and a lien on the accounts receivable and the proceeds thereof derived from the ownership and operation of the Obligated Group. In the Master Indenture agreements for the 2010A Bonds, the Obligated Group includes Rex and the Hospital. Under the terms of the Master Indenture agreement for the 2010A Bonds, the Obligated Group is subject to certain financial covenants including but not limited to limitations on the transfer or sale of the Obligated Group's assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of its tax-exempt status. Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service. Rex believes the Obligated Group is in compliance with all debt covenants at June 30, 2013.

As a result of the early extinguishment of the 1998 Bonds, Rex incurred a loss of approximately \$1,947 during 2011. The loss has been deferred and is being amortized over the remaining life of the 1998 Bonds. At June 30, 2013 and 2012, accumulated amortization of the deferred loss was approximately \$656 and \$422, respectively.

Construction Loan

Ventures entered into a construction loan agreement with Wellness, HT, Retail and MOB as "Co-Borrowers" to fund the construction of the Wakefield campus. The loan bears interest at the BBA LIBOR daily floating rate plus 1.45% (1.69% and 1.64% at June 30, 2012 and 2011, respectively) and required interest only payments through April 2011. Beginning May 2011, all net cash flow from the Rex CDP properties will be applied to the outstanding principal balance of the construction loan through December 2011. Beginning in January 2012, 50% of the net cash flow from properties will be applied to the outstanding principal balance of the construction loan until the note matures and all outstanding balances are due in March 2012. On March 28, 2012, the loan was paid in full with the proceeds from a promissory note.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 6 LONG-TERM DEBT (CONTINUED)

Lines of Credit

The Hospital entered into a note agreement for a short-term revolving line of credit with a financial institution for an amount up to \$50,000 to support short-term normal operating expenses and to enhance liquidity. The line of credit is collateralized by the Hospital's accounts receivable. Interest is due and payable monthly at the monthly London Inter-Bank Offered Rate ("LIBOR") plus 1.25 percent. The outstanding principal amount along with any accrued interest will be due upon the maturity date of March 31, 2014. The Hospital has not drawn any proceeds on this line of credit, thus, at June 30, 2013 and 2012, there was no outstanding balance.

Notes Payable

During the year ended June 30, 2012, RWE entered into a note agreement with a financial institution for \$30,000 to pay off the remaining balance of the construction loan described above. The note is payable in monthly principal and interest payments of \$153 from April 5, 2012 through March 5, 2022. The note is collateralized by certain property of RWE.

Rex Physicians entered into a note agreement with a financial institution for \$72. The outstanding principal amount along with any accrued interest will be due in November 2014. The outstanding balance of the loan was \$37 and \$62 at June 30, 2013 and 2012, respectively.

Obligations Under Capital Lease

Rex has entered into non-cancellable capital lease obligations for several pieces of equipment as of June 30, 2013 which expire at various dates through 2016.

Total future debt service requirements subsequent to June 30, 2013 are as follows

	Bonds	Notes Payable	Obligations Under Capital Lease	Interest	Total
Year Ending June 30					
2014	\$ 4,835	\$ 1,837	\$ 727	\$ 6,196	\$ 13,595
2015	4,980	1,698	752	5,978	13,408
2016	5,175	842	348	5,714	12,079
2017	5,435	876	-	5,443	11,754
2018	5,645	909	-	5,166	11,720
2019-2023	32,435	20,649	-	17,281	70,365
2024-2028	33,470	-	-	11,223	44,693
2029-2032	23,225	-	-	3,117	26,342
	<u>115,200</u>	<u>26,811</u>	<u>1,827</u>	<u>(60,118)</u>	<u>203,956</u>
Unamortized Bond Premium, Net	3,485	-	-	-	3,485
Deferred Loss on Refunding, Net	(1,291)	-	-	-	(1,291)
	<u>\$ 117,394</u>	<u>\$ 26,811</u>	<u>\$ 1,827</u>	<u>\$ (60,118)</u>	<u>\$ 206,150</u>

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 7 RELATED PARTY TRANSACTIONS

UNCHCS provides and receives certain services with Rex. Rex paid UNCHCS approximately \$4,995 and \$3,115 for such services during the years ended June 30, 2013 and 2012, respectively. UNCHCS paid Rex approximately \$839 and \$844 for such services during the years ended June 30, 2013 and 2012, respectively.

Under a management agreement effective January 1, 2000, UNCHCS assumed responsibility for the management and day-to-day operations of Rex Home Services, Inc., which became a division of the Hospital during 2013. During the years ended June 30, 2013 and 2012, this agreement resulted in approximately \$0 and \$152, respectively, paid to UNCHCS.

Rex contributed approximately \$34,273 and \$7,561 to UNCHCS during 2013 and 2012, respectively, to help fund working capital needs at UNC Physicians Network, LLC ("UNCPN"), of which UNCHCS is the sole member. UNCPN provides health care to patients throughout the Triangle and surrounding counties in North Carolina. Rex also contributed \$3,744 and \$5,421 during the years ended June 30, 2013 and 2012, respectively, to the UNCHCS Enterprise Fund to support the ongoing health care mission of UNCHCS.

Net payables due to UNCHCS were approximately \$6,438 and \$4,571 as of June 30, 2013 and 2012, respectively, and are included in accrued expenses and other liabilities in the accompanying combined balance sheets.

The Hospital paid QTS approximately \$1,508 and \$1,437 for laundry services during the years ended June 30, 2013 and 2012, respectively.

The Hospital paid Rex Cary MOB, LLC approximately \$296 and \$261 in rent expenditures for the use of surgical and office suites during the years ended June 30, 2013 and 2012, respectively.

Rex MOB Partners, LLC paid the Hospital approximately \$282 and \$259 for rent during the years ended June 30, 2013 and 2012, respectively.

NOTE 8 EMPLOYEE BENEFITS

Rex Employees' Retirement Plan

The Hospital sponsors the Rex Employees' Retirement Plan (the "Plan"), a single-employer defined benefit retirement plan available to eligible employees. The benefit formula is based on the highest five consecutive years of an employee's compensation during the 10 plan years preceding retirement.

REX HEALTHCARE, INC. AND SUBSIDIARIES
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NOTE 8 EMPLOYEE BENEFITS (CONTINUED)

During the year ended June 30, 2009, the Hospital amended the Plan to (1) reduce early retirement benefits by increasing the retirement age from 62 to 65, and (2) freeze access to the Plan for eligible employees hired after February 1, 2009. In addition, the Hospital revised certain actuarial assumptions to (1) change the amortization period for gains and losses from 10 to 30 years and (2) change the asset valuation method from 20% to 30% above and below market value.

Funding amounts for the Plan are based upon actuarial calculations. The Plan utilized the projected unit-credit method to determine the annual contributions. The Hospital contributed approximately \$10,040 and \$8,020 to the Plan in 2013 and 2012, respectively. There are no employee contributions to the Plan.

Plan assets held in trust on behalf of the Plan participants consisted primarily of equity securities, U.S. Treasury securities and corporate bonds at June 30, 2013 and 2012. The actuarial value of Plan assets was determined by using a five-year moving average method.

The following table shows the trend in Rex's annual pension cost (APC), percentage of APC contributed, and net pension asset:

<u>Fiscal Year Ending</u>	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2013	\$ (10,040)	100 00 %	\$ -
June 30, 2012	(8,020)	100 00	-
June 30, 2011	(7,475)	100 00	-

As of January 1, 2013, the most recent actuarial valuation date, the Plan was 71.0% funded. The actuarial accrued liability for benefits was approximately \$250,134 and the actuarial value of assets was approximately \$177,497 resulting in an unfunded actuarial accrued liability of approximately \$72,637. The covered payroll was approximately \$184,796 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 39.3%.

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

The following assumptions were used in the January 1, 2013 and 2012 actuarial variations:

	2013	2012
Inflation Rate	3 00%	3 00%
Investment Rate of Return	7 50%	8 00%
Projected Salary Increases	3 00%	3 75%

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 8 EMPLOYEE BENEFITS (CONTINUED)

Tax Deferred Annuity Retirement Plan

The Hospital sponsors a defined contribution retirement plan covering substantially all employees. The Hospital matches one-half of each participant's voluntary contributions on a graduated scale based on length of service not to exceed 5% of the participant's annual salary. Employer contributions totaled approximately \$7,813 and \$6,470 for the years ended June 30, 2013 and 2012, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Commitments

The Hospital has entered into certain agreements, in connection with ongoing development and support of its electronic medical records system. Future minimum payment commitments subsequent to June 30, 2013 are approximately \$1,899.

The Hospital has entered into a lease with Wellness to lease the wellness center. In addition, the Hospital entered into a lease with MOB for part of the medical office building. Rex has certain other noncancellable operating leases for the rental of office space and equipment. Future rent payments under these leases subsequent to June 30, 2013 are as follows:

	Wellness Center	Medical Office Building	Office Space and Equipment	Total
Year Ending June 30				
2014	\$ 835	\$ 2,221	\$ 6,883	\$ 9,939
2015	862	2,253	6,001	9,116
2016	862	2,286	5,616	8,764
2017	862	2,300	5,237	8,399
2018	862	2,314	4,985	8,161
2019-2023	4,556	9,344	15,349	29,249
2024-2028	4,920	9,229	7,308	21,457
2029	1,424	1,170	-	2,594
	<u>\$ 15,183</u>	<u>\$ 31,117</u>	<u>\$ 51,379</u>	<u>\$ 97,679</u>

Total rental expense, including rental expense under noncancellable leases, was approximately \$15,852 and \$13,668 for the years ended June 30, 2013 and 2012, respectively.

Contingencies

The Hospital self-insures a portion of its workers' compensation exposure up to \$350 per claim. An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2013 but not reported. This accrual was determined by an actuary and totaled approximately \$2,373 and \$1,804 at June 30, 2013 and 2012, respectively. The accrual is included in accrued expenses and other liabilities in the accompanying combined balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Hospital self-insures a portion of its employee health benefits exposure up to \$200 per incident. An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2013 but not reported. This accrual was determined by an actuary and totaled approximately \$2,456 and \$2,805 at June 30, 2013 and 2012, respectively. The accrual is included in accrued expenses and other liabilities in the accompanying balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

Rex is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without a material adverse effect on Rex's financial position or results of operations.

The Hospital has entered into an agreement whereby patients without insurance that meet contractually specified criteria can apply for medical loans from a third-party lender. Under this medical loan program, approved patients owe the third-party lender and the Hospital receives payment and recognizes revenue at the time medical services are provided. The Hospital is then contingently obligated to repurchase accounts receivable balances once the borrower does not make three scheduled monthly payments. Total accounts which the Hospital could possibly be required to repurchase were approximately \$239 and \$248 at June 30, 2013 and 2012, respectively. The Hospital establishes a reserve for accounts it believes it will have to repurchase based on historical experience with this program. The Hospital reserved approximately \$26 and \$30 for potential recourse that was included in the net accounts receivable, at June 30, 2013 and 2012, respectively.

The health care industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Management believes Rex is in compliance with fraud and abuse as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed.

REX HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(IN \$000's)

NOTE 10 ELECTRONIC HEALTH RECORD INCENTIVE PROGRAM

The Electronic Health Record (EHR) incentive program was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act. These Acts provided for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified EHR technology. The incentive payments are made based on a statutory formula and are contingent on Rex's continuing to meet the escalating meaningful use criteria. For the first payment year, Rex must attest, subject to an audit, that it met the meaningful use criteria for a continuous 90-day period. For the subsequent payment year, Rex must demonstrate meaningful use for the entire year. The incentive payments are generally made over a 4-year period.

Rex demonstrated meaningful use to the 90-day period ended September 30, 2011, and received the first tentative incentive payments of approximately \$2,512 in March 2012. Of the \$2,512 received, \$2,012 is recognized as other operating revenue in the statement of revenues, expenses, and changes in net assets. The final amount of this payment will be determined based on audit of the information from Rex's Medicare cost report for the year ending June 30, 2012. Events could occur that would cause the final payment to differ materially upon final settlement.

NOTE 11 COMMUNITY BENEFITS

In addition to providing care without charge, or at amounts less than established rates to certain patients identified as qualifying for charity care, Rex also recognizes its responsibility to provide health care services and programs for the benefit of the community, at no cost or at reduced rates. Rex sponsors many community health initiatives, including breast and prostate cancer screenings, cardiovascular and pulmonary awareness and diabetes education programs that ultimately result in the overall improved health of our community. The Rex Healthcare Emergency Response Team provides emergency aid and medical treatment at special events in the Wake County area. Rex also provides contributions, cash and in-kind, to various charitable and community organizations. The costs of these programs are included in operating expenses in the accompanying statements of revenues, expenses and changes in net assets.

SUPPLEMENTARY INFORMATION

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING BALANCE SHEET
JUNE 30, 2013
(IN \$000's)

	Obligated Group	Nonobligated Group	Eliminations	Combined Rex Healthcare, Inc. and Subsidiaries
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 65,764	\$ 8,234	\$ -	\$ 73,998
Patient Accounts Receivable, Net	70,599	8,079	-	78,678
Other Receivables	51,993	230	(45,290)	6,933
Inventories	11,249	-	-	11,249
Prepaid Expenses and Other Current Assets	4,531	894	-	5,425
Total Current Assets	204,136	17,437	(45,290)	176,283
ASSETS LIMITED AS TO USE	240,284	4,847	-	245,131
CAPITAL ASSETS, NET	253,215	30,020	-	283,235
OTHER ASSETS				
Investment in Affiliates	6,099	7,086	(1,498)	11,687
Deferred Debt Issuance Costs, Net	1,163	-	-	1,163
Other Assets	461	2,945	(2,649)	757
	7,723	10,031	(4,147)	13,607
Total Assets	\$ 705,358	\$ 62,335	\$ (49,437)	\$ 718,256
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 6,282	\$ 1,117	\$ -	\$ 7,399
Vendor Accounts Payable	40,009	1,825	-	41,834
Accrued Expenses and Other Liabilities	53,987	50,984	(45,290)	59,681
Estimated Third-Party Settlements	11,386	1,614	-	13,000
Total Current Liabilities	111,664	55,540	(45,290)	121,914
LONG-TERM DEBT, Net of Current Maturities	114,655	23,978	-	138,633
OTHER NONCURRENT LIABILITIES	3,278	-	(2,649)	629
Total Liabilities	229,597	79,518	(47,939)	261,176
NET POSITION				
Net Investment in Capital Assets	132,278	4,925	-	137,203
Restricted	1,012	4,215	-	5,227
Unrestricted	342,471	(26,323)	(1,498)	314,650
Total Net Position	475,761	(17,183)	(1,498)	457,080
Total Liabilities and Net Position	\$ 705,358	\$ 62,335	\$ (49,437)	\$ 718,256

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013
(IN \$000's)

	Obligated Group	Nonobligated Group	Eliminations	Rex Healthcare, Inc. and Subsidiaries
OPERATING REVENUES				
Net Patient Service Revenue	\$ 643,755	\$ 57,990	\$ -	\$ 701,745
Other Operating Revenues	26,918	2,718	-	29,636
Total Operating Revenues	670,673	60,708	-	731,381
OPERATING EXPENSES				
Salaries	247,618	48,326	-	295,944
Employee Benefits	82,203	8,500	-	90,703
Medical Supplies and Other Expenses	251,327	15,772	(3,574)	263,525
Depreciation and Amortization	29,843	970	-	30,813
Interest	3,188	1,977	-	5,165
Total Operating Expenses	614,179	75,545	(3,574)	686,150
OPERATING INCOME (LOSS)	56,494	(14,837)	3,574	45,231
NONOPERATING INCOME (LOSS)				
Investment Income (Loss), Net	20,197	779	-	20,976
Other, Net	(17,184)	599	(3,574)	(20,159)
Nonoperating Income (Loss), Net	3,013	1,378	(3,574)	817
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	59,507	(13,459)	-	46,048
CONTRIBUTIONS TO RELATED PARTY	(38,017)	-	-	(38,017)
OTHER	3,437	234	(2,815)	856
CHANGE IN NET POSITION	24,927	(13,225)	(2,815)	8,887
Net Position - Beginning of Year	450,834	(3,958)	1,317	448,193
NET POSITION - END OF YEAR	\$ 475,761	\$ (17,183)	\$ (1,498)	\$ 457,080

REX HEALTHCARE, INC. AND SUBSIDIARIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR REX EMPLOYEES' RETIREMENT PLAN
(UNAUDITED)
JUNE 30, 2013
(IN \$000's)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2013	\$ 177,497	\$ 250,134	\$ 72,637	71 00 %	\$ 184,796	39 30 %
January 1, 2012	166,265	215,516	49,251	77 15	185,343	26 57
January 1, 2011	158,693	188,633	29,940	84 13	190,434	15 72
January 1, 2010	149,019	171,627	22,608	86 83	199,427	11 34
January 1, 2009	140,562	155,914	15,352	90 15	173,000	8 87
January 1, 2008	139,324	151,747	12,423	91 81	152,626	8 14

The actuarial accrued liability is being amortized over a ten-year period on an open basis using the level-dollar method.