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Form 990

Return of Organization Exempt From Income Tax

2012

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

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

Open to Public Inspection

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

B Check if applicable	C Name of organization NORTHCREST MEDICAL CENTER		D Employer identification number 62-1046595
<input type="checkbox"/> Address change	Doing Business As		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address)	Room/suite	E Telephone number (615) 384-2411
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 SPRINGFIELD, TN 371723961		
<input type="checkbox"/> Application pending			G Gross receipts \$ 87,557,360

F Name and address of principal officer KIM PRIDGEN 100 NORTHCREST DRIVE SPRINGFIELD, TN 371723961	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
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J Website: ► WWW.NORTHCREST.COM

K Form of organization Corporation Trust Association Other ► L Year of formation 1987 M State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities OPERATION OF A NONPROFIT 109-BED ACUTE CARE FACILITY IN SPRINGFIELD, TENNESSEE	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a)	3 12
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 11
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5 849
6 Total number of volunteers (estimate if necessary)	6 65
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0
b Net unrelated business taxable income from Form 990-T, line 34	7b 0

8 Contributions and grants (Part VIII, line 1h)	Prior Year 484,653	Current Year 406,930
9 Program service revenue (Part VIII, line 2g)	72,205,052	74,369,656
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	571,043	705,632
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,987,480	2,796,255
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	77,248,228	78,278,473

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	338,478	374,094
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)	29,945,439	30,224,525
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)	44,348,564	47,407,354
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	74,632,481	78,005,973
19 Revenue less expenses Subtract line 18 from line 12	2,615,747	272,500

20 Total assets (Part X, line 16)	Beginning of Current Year 86,715,473	End of Year 86,909,423
21 Total liabilities (Part X, line 26)	70,687,435	71,039,963
22 Net assets or fund balances Subtract line 21 from line 20	16,028,038	15,869,460

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 KIM PRIDGEN CFO Type or print name and title	2014-02-14 Date
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Paid Preparer Use Only	Print/Type preparer's name PAUL MCCLANAHAN	Preparer's signature	Date 2014-02-14	Check <input type="checkbox"/> if self-employed	PTIN P00616736
	Firm's name ► KRAFTCPAS PLLC			Firm's EIN ► 62-0713250	
	Firm's address ► 555 GREAT CIRCLE ROAD NASHVILLE, TN 37228			Phone no (615) 242-7351	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

NORTHCREST MEDICAL CENTER IS A TENNESSEE NONPROFIT CORPORATION THAT OPERATES A 109-BED GENERAL ACUTE CARE FACILITY. THE HOSPITAL PROVIDES A FULL RANGE OF MEDICAL SERVICES TO BOTH INPATIENTS AND OUTPATIENTS IN AND AROUND THE SPRINGFIELD, TENNESSEE AREA.

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 C

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

If "Yes," describe these changes on Schedule Q

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 \$ 73,003,913 including grants of \$ 374,094) (Revenue \$ 76,299,624

IN ADDITION TO HEALTH SERVICES, NORTHCREST MEDICAL CENTER SPONSORS MONTHLY SUPPORT GROUPS FOR GRIEF, CANCER AND DIABETES EDUCATION, HOSTS PRENATAL CLASSES, PUBLISHES A QUARTERLY NEWSLETTER, AND PROVIDES STROKE AND PROSTATE CANCER SCREENINGS ALONG WITH FREE BLOOD PRESSURE CHECKS. NORTHCREST MEDICAL CENTER ALSO CONDUCTS SEMINARS ON EXERCISE, NUTRITION, WEIGHT LOSS, ARTHRITIS AND SODIUM PROTECTION.

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

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

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses 73,003,913

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

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

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

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

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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

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

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

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)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b	Yes	
11c		No
11d	Yes	
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
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? If "Yes," complete Schedule I, Parts I and II	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? If "Yes," complete Schedule I, Parts I and III	22	No	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	No	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	No	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	No	
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	No	
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b	No	
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	No	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27	No	
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a	No	
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	No	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	No	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	29	No	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30	No	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31	No	
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32	No	
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33	No	
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34	Yes	
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	35a	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35b	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)? If "Yes," complete Schedule R, Part V, line 2	36	No	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37	No	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	Yes	
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			

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	108	
b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	849	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No	
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	No	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No	
b If "Yes," enter the name of the foreign country See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts	5a	No	
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5b	No	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5c	No	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	6a	No	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6b	No	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	7a	No	
7 Organizations that may receive deductible contributions under section 170(c).	7b	No	
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7c	No	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7d	No	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7e	No	
d If "Yes," indicate the number of Forms 8282 filed during the year	7f	No	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7g	No	
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7h	No	
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	8	No	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	9a	No	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9b	No	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?			
b Did the organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders	11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O			
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?			
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	No	

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

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

Section A. Governing Body and Management

		Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b Enter the number of voting members included in line 1a, above, who are independent	1b	11	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6 Did the organization have members or stockholders?	6		No
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		No
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	8a	Yes	
a The governing body?	8b	Yes	
b Each committee with authority to act on behalf of the governing body?	9		No
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			

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

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

Section C. Disclosure

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

KIM PRIDGEN 100 NORTHCREST DR SPRINGFIELD, TN (615) 384-1515

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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	Office	Key employee	Highest compensated	Former			
(1) TATIA CUMMINGS TRUSTEE	1 00	X						3,921	0	0
(2) TEB STUBBLEFIELD TRUSTEE, CHAIRMAN	1 00	X						7,318	0	0
(3) DAVID BELLAR TRUSTEE, VICE CHAIRMAN	1 00	X						3,416	0	0
(4) JAMES G BOWENS TRUSTEE	1 00	X						3,298	0	0
(5) HOWARD BRADLEY TRUSTEE	1 00	X						3,307	0	0
(6) TOMMY CRUNK TRUSTEE	1 00	X						97,017	0	0
(7) GEORGE DAHIR TRUSTEE	1 00	X						4,076	0	0
(8) GERALDINE FARMER TRUSTEE	1 00	X						3,000	0	0
(9) ALVIN FOWLER TRUSTEE, SECRETARY	1 00	X						3,000	0	0
(10) AMY GALLAGHER TRUSTEE	1 00	X						3,000	0	0
(11) E DEE REID TRUSTEE	1 00	X						3,000	0	0
(12) TRACY LANGSTON TRUSTEE	1 00	X						3,924	0	0
(13) DAN GREEN TRUSTEE	1 00	X						3,318	0	0
(14) SCOTT RAYNES PRESIDENT/CEO	40 00			X				513,266	0	10,464
(15) JIM SCHMIDT CFO	40 00			X				249,150	0	8,657
(16) RANDY MILLS VP BUSINESS/COO	40 00			X				250,151	0	8,421
(17) ANGELA BEARD CNO	40 00			X				154,351	0	10,013

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) 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	Instructional Trustee	Office	Key employee	Highest compensated employee per person	Former			
(18) RANDY DAVIS CIO	40 00			X				233,720	0	8,568
(19) AMBER KING VP HR	40 00			X				142,572	0	7,691
(20) JOEY MOLHAM DIRECTOR OF SURGERY	40 00				X			117,422	0	4,072
(21) GRACE ROBERTS NURSE	47 00				X			112,524	0	1,159
(22) MIKE TINAL PFS DIRECTOR	40 00				X			110,701	0	2,013
(23) REBECCA PIERCE ED COORDINATOR	40 00				X			103,718	0	5,201
(24) ALFRED BOYTER FACILITY DIRECTOR	40 00				X			101,305	0	6,620
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,230,475	0	72,879

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ►11

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	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? If "Yes," complete Schedule J for such individual	4	Yes
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
STAR PT PO BOX 381478 FRANKLIN TN 37068	CONTRACTED SERVICES	163,251
LEE MEDICAL PO BOX 682027 FRANKLIN TN 37068	CONTRACTED SERVICES	157,500
MED MGMT RESOURCES OF TEAMHEALTH 9485 REGENCY SQ BLVD STE 200 JACKSONVILLE FL 32225	CONTRACTED SERVICES	138,789
FAVORITE HEALTHCARE STAFFING PO BOX 803356 KANSAS CITY MO 64180	STAFFING	123,082
MOSS LAWN CARE PO BOX 1206 SPRINGFIELD TN 37172	CONTRACTED SERVICES	121,697

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►5

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	39,387		
	e Government grants (contributions)	1e	83,260		
	f All other contributions, gifts, grants, and similar amounts not included above	1f	284,283		
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f		406,930		
Program Service Revenue	2a HEALTHCARE REVENUE	Business Code 621900	74,369,656	74,369,656	
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f		74,369,656		
	3 Investment income (including dividends, interest, and other similar amounts)		310,608		310,608
4 Income from investment of tax-exempt bond proceeds					
5 Royalties					
6a Gross rents	(i) Real 866,287				
b Less rental expenses	0				
c Rental income or (loss)	866,287				
d Net rental income or (loss)		866,287		866,287	
7a Gross amount from sales of assets other than inventory	(i) Securities 9,673,911				
b Less cost or other basis and sales expenses	9,278,887				
c Gain or (loss)	395,024				
d Net gain or (loss)		395,024		395,024	
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b Less direct expenses	b				
c Net income or (loss) from fundraising events					
9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances	a				
b Less cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code			
11a MISCELLANEOUS	623990	1,607,197	1,607,197		
b CAFETERIA SALES	722210	312,342	312,342		
c VENDING MACHINES	623990	10,429	10,429		
d All other revenue					
e Total. Add lines 11a-11d		1,929,968			
12 Total revenue. See Instructions		78,278,473	76,299,624	0	1,571,919

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	374,094	374,094		
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	1,655,352	1,561,298	94,054	
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	24,508,585	23,116,055	1,392,530	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	2,026,336	1,947,053	79,283	
10 Payroll taxes	2,034,252	1,950,819	83,433	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	646,635	559,033	87,602	
12 Advertising and promotion	315,202	312,656	2,546	
13 Office expenses	590,632	232,782	357,850	
14 Information technology				
15 Royalties				
16 Occupancy	1,289,243	1,278,232	11,011	
17 Travel	162,882	126,770	36,112	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,144,851	2,144,851		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,992,252	3,992,252		
23 Insurance	4,015,286	3,467,776	547,510	
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 SUPPLIES	12,203,654	12,193,294	10,360	0
b BAD DEBT EXPENSE	11,560,125	11,560,125	0	0
c CONTRACT SERVICES	5,913,600	3,847,387	2,066,213	0
d EQUIPMENT & RENTAL MAIN	3,603,566	3,501,342	102,224	0
e All other expenses	969,426	838,094	131,332	
25 Total functional expenses. Add lines 1 through 24e	78,005,973	73,003,913	5,002,060	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 <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X

		(A) Beginning of year	(B) End of year	
Assets				
1	Cash—non-interest-bearing	2,991,126	1	2,538,313
2	Savings and temporary cash investments	2,500,000	2	6,167,493
3	Pledges and grants receivable, net	3		
4	Accounts receivable, net	11,730,726	4	14,177,005
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	355,004	7	528,081
8	Inventories for sale or use	1,323,406	8	1,322,967
9	Prepaid expenses and deferred charges	695,149	9	906,705
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	92,663,319	
b	Less accumulated depreciation	10b	55,433,412	
		36,223,486	10c	37,229,907
11	Investments—publicly traded securities		11	
12	Investments—other securities See Part IV, line 11	14,792,330	12	4,678,412
13	Investments—program-related See Part IV, line 11		13	
14	Intangible assets		14	
15	Other assets See Part IV, line 11	16,104,246	15	19,360,540
16	Total assets. Add lines 1 through 15 (must equal line 34)	86,715,473	16	86,909,423
Liabilities				
17	Accounts payable and accrued expenses	6,751,717	17	6,603,208
18	Grants payable		18	
19	Deferred revenue		19	
20	Tax-exempt bond liabilities		20	
21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
23	Secured mortgages and notes payable to unrelated third parties	44,469,534	23	44,814,642
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	19,466,184	25	19,622,113
26	Total liabilities. Add lines 17 through 25	70,687,435	26	71,039,963
Net Assets or Fund Balances				
	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
27	Unrestricted net assets	16,028,038	27	15,869,460
28	Temporarily restricted net assets		28	
29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
30	Capital stock or trust principal, or current funds		30	
31	Paid-in or capital surplus, or land, building or equipment fund		31	
32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	16,028,038	33	15,869,460
34	Total liabilities and net assets/fund balances	86,715,473	34	86,909,423

Part XI Reconciliation of Net AssetsCheck 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	78,278,473
2	Total expenses (must equal Part IX, column (A), line 25)	2	78,005,973
3	Revenue less expenses Subtract line 2 from line 1	3	272,500
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	16,028,038
5	Net unrealized gains (losses) on investments	5	-272,388
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	-158,690
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	15,869,460

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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	

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support****2012****Open to Public
Inspection**

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

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

Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.

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

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

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

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

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

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

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

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

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

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

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

f 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)

g 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

h 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?

i 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
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2011 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		►
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		►
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		►
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		►
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		►

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2012****Open to Public
Inspection****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.****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 NORTHCREST MEDICAL CENTER	Employer identification number 62-1046595
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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			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
Not over \$500,000	20% of the amount on line 1e		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
g Grassroots nontaxable amount (enter 25% of line 1f)			
h Subtract line 1g from line 1a If zero or less, enter -0-			
i Subtract line 1f from line 1c If zero or less, enter -0-			
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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		6,532	
j Total Add lines 1c through 1i			6,532	
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	NORTHCREST MEDICAL CENTER PAYS THE FOLLOWING DUES TO TENNESSEE HOSPITAL ASSOCIATION TOTALING \$33,064, OF WHICH 11.38% (\$3,763) IS ATTRIBUTABLE TO LOBBYING AND DUES TO AMERICAN HOSPITAL ASSOCIATION TOTALING \$11,256, OF WHICH 24.6% (\$2,769) IS ATTRIBUTABLE TO LOBBYING

SCHEDULE D
(Form 990)**Supplemental Financial Statements****2012****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
 ► Attach to Form 990. ► See separate instructions.

Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> 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	
a Total number of conservation easements	Held at the End of the Year
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____	2d
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements	

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1	► \$ _____
(ii) Assets included in Form 990, Part X	► \$ _____
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items	
a Revenues included in Form 990, Part VIII, line 1	► \$ _____
b Assets included in Form 990, Part X	► \$ _____

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

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

a <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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	(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

(ii) related organizations

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,133,750			4,133,750
b Buildings		47,609,973	25,005,952		22,604,021
c Leasehold improvements					
d Equipment		40,919,596	30,427,460		10,492,136
e Other					
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					37,229,907

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) U S TREASURY SECURITIES AND OBLIGATIONS	4,678,412	C
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	4,678,412	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)		

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

(a) Description	(b) Book value
(1) UNAMORTIZED BOND ISSUE COSTS	1,630,957
(2) DUE FROM AFFILIATES	16,591,776
(3) OTHER RECEIVABLES	1,137,807
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	19,360,540

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

(a) Description of liability	(b) Book value
Federal income taxes	
INVESTMENT IN PHYSICIAN SERVICES	14,616,831
INTEREST RATE SWAP AGREEMENT	5,005,282
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	19,622,113

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1
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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE HOSPITAL AND THE FOUNDATION ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), AND, ACCORDINGLY, NO PROVISION FOR INCOME TAXES IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE HOSPITAL'S WHOLLY-OWNED SUBSIDIARIES ARE FOR-PROFIT CORPORATIONS AND ARE TAXED UNDER SUBCHAPTER "C" OF THE INTERNAL REVENUE CODE. THESE FOR-PROFIT CORPORATIONS HAVE INCURRED SIGNIFICANT TAX LOSSES DUE TO THE UNCERTAINTY OF FUTURE TAXABLE INCOME. NET DEFERRED TAX ASSETS OF APPROXIMATELY \$3,020,000 AT JUNE 30, 2013 AND \$2,535,000 AT JUNE 30, 2012 HAVE BEEN FULLY RESERVED. THE MOST SIGNIFICANT DEFERRED ITEMS RELATE TO NET OPERATING LOSS CARRYFORWARDS, THE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND ACCRUED VACATION. THESE ENTITIES HAVE APPROXIMATELY \$13,100,000 OF NET OPERATING LOSSES AVAILABLE AT JUNE 30, 2013 THAT MAY BE USED TO OFFSET FUTURE TAXABLE INCOME. THE NET OPERATING LOSSES EXPIRE IN VARIOUS YEARS. BEGINNING JUNE 30, 2019, THE HOSPITAL FOLLOWS THE GUIDANCE FOR ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN THE HOSPITAL'S CONSOLIDATED FINANCIAL STATEMENTS THAT PRESCRIBES A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY. MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET. THE GUIDANCE ALSO ADDRESSES THE DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS AND REQUIRED DISCLOSURES. THE HOSPITAL HAS DETERMINED THAT THERE ARE NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2013 OR 2012. IF INTEREST AND PENALTIES ARE INCURRED RELATED TO UNCERTAIN TAX POSITIONS, SUCH AMOUNTS WOULD BE RECOGNIZED IN INCOME TAX EXPENSE. TAX PERIODS FOR ALL FISCAL YEARS AFTER 2009 REMAIN OPEN TO EXAMINATION BY THE FEDERAL AND STATE TAXING JURISDICTIONS TO WHICH THE HOSPITAL IS SUBJECT.

2012

Open to Public
InspectionSCHEDULE 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.Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number

62-1046595

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		
<input type="checkbox"/> Applied uniformly to all hospital facilities	<input type="checkbox"/> Applied uniformly to most hospital facilities	
<input type="checkbox"/> 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	3a Yes	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b Yes	
<input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4 Yes	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a Yes	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b 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)			1,392,108		1,392,108	2 300 %
b Medicaid (from Worksheet 3, column a)			10,728,730	8,267,893	2,460,837	4 070 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			12,120,838	8,267,893	3,852,945	6 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits			12,120,838	8,267,893	3,852,945	6 370 %
k Total Add lines 7d and 7j						

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		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	11,560,126
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	1,236,933
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	17,220,649
6	Enter Medicare allowable costs of care relating to payments on line 5	6	20,294,557
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,073,908
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		
	<input type="checkbox"/> Cost accounting system	<input type="checkbox"/> Cost to charge ratio	<input checked="" type="checkbox"/> Other
Section C. Collection Practices			
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
9b	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					
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

Other (Describe)

Facility reporting group

1	NORTHCREST MEDICAL CENTER 100 NORTHCREST DRIVE SPRINGFIELD, TN 37172	X	X			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)

NORTHCREST MEDICAL CENTER

Name of hospital facility or facility reporting group _____**For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)** _____

1

Yes **No****Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9
 If "Yes," indicate what the CHNA report describes (check all that apply)

a A definition of the community served by the hospital facility

b Demographics of the community

c Existing health care facilities and resources within the community that are available to respond to the health needs of the community

d How data was obtained

e The health needs of the community

f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups

g The process for identifying and prioritizing community health needs and services to meet the community health needs

h The process for consulting with persons representing the community's interests

i Information gaps that limit the hospital facility's ability to assess the community's health needs

j Other (describe in Part VI)

2 Indicate the tax year the hospital facility last conducted a CHNA 20 12

3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI

5 Did the hospital facility make its CHNA report widely available to the public?
 If "Yes," indicate how the CHNA report was made widely available (check all that apply)

a Hospital facility's website

b Available upon request from the hospital facility

c Other (describe in Part VI)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)

a Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA

b Execution of the implementation strategy

c Participation in the development of a community-wide plan

d Participation in the execution of a community-wide plan

e Inclusion of a community benefit section in operational plans

f Adoption of a budget for provision of services that address the needs identified in the CHNA

g Prioritization of health needs in its community

h Prioritization of services that the hospital facility will undertake to meet health needs in its community

i Other (describe in Part VI)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____

1 Yes

3 Yes

4 No

5 Yes

7 Yes

8a No

8b

Part V Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000%</u>			
If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u>			
If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a <input checked="" type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input checked="" type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			

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	No
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 <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17	No
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

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

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

- 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)

	Yes	No
19 Yes		

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		No

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

22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Part VI

22		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?

2

Name and address	Type of Facility (describe)
1 NORTHCREST IMAGING AND SPECIALTY CLINIC 2536 HWY 49 SUITE 120 PLEASANT VIEW, TN 37172	DIAGNOSTIC CENTER
2 NORTHCREST MEDICAL CARE IN WHITE HOUSE 121 HWY 76 WHITE HOUSE, TN 37188	DIAGNOSTIC CENTER
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 11560126
		PART III, LINE 4 PATIENT ACCOUNTS RECEIVABLE ARE REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS AFTER DEDUCTION OF ALLOWANCES FOR DOUBTFUL ACCOUNTS FOR SERVICES RENDERED COLLECTIBLE FROM FEDERAL AND STATE AGENCIES (UNDER THE MEDICARE AND MEDICAID/TENNCARE PROGRAMS), MANAGED HEALTH PLANS, COMMERCIAL INSURANCE COMPANIES, WORKERS' COMPENSATION, EMPLOYERS AND PATIENTS RECEIVABLES ARE GENERALLY UNCOLLATERALIZED, BUT CREDIT RISK RELATING TO ACCOUNTS RECEIVABLE IS LIMITED TO SOME EXTENT BY THE DIVERSITY AND NUMBER OF PATIENTS AND PAYORS LATE FEES AND INTEREST CHARGES, IF ANY, ARE RECOGNIZED WHEN RECEIVED ADDITIONS TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS ARE MADE BY MEANS OF THE PROVISION FOR BAD DEBTS ACCOUNTS WRITTEN OFF AS UNCOLLECTIBLE ARE DEDUCTED FROM THE ALLOWANCE THE AMOUNT OF THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS SERVICES RENDERED TO INDIVIDUALS WHEN PAYMENT IS EXPECTED AND ULTIMATELY NOT RECEIVED ARE WRITTEN OFF TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THERE ARE NO COLLECTION EFFORTS TAKEN ON THE PATIENTS THAT QUALIFY FOR CHARITY CARE THEIR ACCOUNTS ARE WRITTEN OFF SO NO MONEY IS OWED AND NO CHARGES ARE RECORDED AS INCOME
NORTHCREST MEDICAL CENTER		PART V, SECTION B, LINE 3 THE NORTHCREST EXECUTIVE COUNCIL IDENTIFIED KEY PERSONNEL TO SERVE ON THE NEWLY FORMED CHNA COMMITTEE KEY COMMUNITY HEALTH AND SOCIAL SERVICE STAKEHOLDERS WERE ENGAGED TO ASSIST IN THE PROCESS TO ENSURE INPUT FROM THE UNDERSERVED, CHRONICALLY ILL, LOW INCOME AND MINORITY POPULATIONS IN THE NORTHCREST SERVICE AREA WAS TAKEN INTO ACCOUNT THE FOLLOWING PERSONS FROM THE LOCAL COMMUNITY SERVED ON THE CHNA COMMITTEE MICHAEL LEWIS, MD COMMUNITY PHYSICIANDR GERALDINE FARMER FORMER EDUCATOR & SCHOOL BOARD MEMBERHOWARD BRADLEY COUNTY MAYOR & FORMER EDUCATORDIANA PELHAM ROBERTSON COUNTY YMCA DANA HOLT ROBERTSON COUNTY SCHOOL NURSEMARGOT FOSNESS ROBERTSON COUNTY CHAMBER OF COMMERCETHE COMMITTEE ASSISTED WITH AND PROVIDED DIRECTION FOR THE FOLLOWING RESPONSIBILITIES *INTERPRETING AND UNDERSTANDING CHNA REQUIREMENTS AND DEADLINES*IDENTIFYING PRIMARY AND SECONDARY DATA SOURCES*IDENTIFYING COMMUNITY PARTNERS*DEVELOPING THE ORGANIZATION'S CHNA INSTRUMENT AND METHODOLOGY*DEVELOPING TARGETED INTERVIEW QUESTIONS INCLUDIDING IDENTIFICATION OF THE COMMUNITY'S POPULATION HEALTH EXPERTS*COMPILING AND INTERPRETING THE DATA ACCUMULATED THROUGH THE SURVEY*ACHIEVING CONSENSUS WITH IDENTIFIED COMMUNITY PARTNERS, CITIZENS AND PUBLIC HEALTH EXPERTS IN IDENTIFYING THE TOP HEALTH ISSUES FACING THE COMMUNITY*DEVELOPING THE HOSPITAL'S IMPLEMENTATION STRATEGY TO ADDRESS THE FINDINGS OF THE CHNA

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER		PART V, SECTION B, LINE 12H UNINSURED CHARGES ARE DISCOUNTED NOT TO EXCEED ONE HUNDRED SEVENTY-FIVE PERCENT (175%) OF THE COST FOR THE SERVICES PROVIDED (CALCULATED USING THE COST TO CHARGE RATIO IN THE MOST RECENT JOINT ANNUAL REPORT)
NORTHCREST MEDICAL CENTER		PART V, SECTION B, LINE 18E COLLECTIONS AGENCY HAS THE HOSPITAL POLICY ON FINANCIAL ASSISTANCE AND SUPPLIES THIS DURING THE COLLECTIONS PROCESS IF REQUESTED

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER		PART V, SECTION B, LINE 20D UNINSURED CHARGES ARE DISCOUNTED NOT TO EXCEED ONE HUNDRED SEVENTY-FIVE PERCENT (175%) OF THE COST FOR THE SERVICES PROVIDED (CALCULATED USING THE COST TO CHARGE RATIO IN THE MOST RECENT JOINT ANNUAL REPORT)
		PART VI, LINE 2 NORTHCREST MEDICAL CENTER IS ALWAYS LOOKING FOR BETTER WAYS TO SERVE ITS COMMUNITY WE USE MANY DIFFERENT SURVEYS TO GATHER INFORMATION ABOUT OUR HEALTHCARE SERVICES FROM OUR COMMUNITY THE PATIENT SATISFACTION SURVEY PROVIDES OUR PATIENTS WITH THE OPPORTUNITY TO TELL US HOW WELL WE ARE PROVIDING OUR SERVICES THE COMMUNITY PERCEPTION SURVEY ALLOWS THOSE THAT MAY NOT USE OUR FACILITY THE ABILITY TO PROVIDE US FEEDBACK ALSO, ANOTHER OPPORTUNITY FOR FEEDBACK IS THE COMMUNITY NEEDS SURVEY WHICH ALLOWS THE COMMUNITY TO EXPRESS WHAT ADDITIONAL SERVICES IT WOULD LIKE FOR US TO PROVIDE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE SCREENED UPON REGISTRATION TO SEE IF THEY QUALIFY FOR CHARITY CARE THE PAPERWORK IS EXPLAINED AND PRESENTED AT THAT TIME UNINSURED PATIENTS WITH NO MEANS OF PAYMENT ARE ALSO MAILED CHARITY APPLICATIONS AFTER DISCHARGE AND PRIOR TO COLLECTION AGENCY PLACEMENT COLLECTION AGENCY IS ALSO EDUCATED IN EXPLAINING CHARITY POLICY AND WILL REFER QUALIFYING PATIENT TO HOSPITAL FOR REVIEW WHILE SCREENING FOR CHARITY CARE QUALIFICATION, THE HOSPITAL DOES MEDICAID ELIGIBILITY SCREENING IF THE PATIENT IS MEDICAID ELIGIBLE THE HOSPITAL ASSISTS THE PATIENT WITH THE APPLICATION AND FOLLOW UP THIS BENEFITS THE PATIENTS LONG TERM WITH A PORTABLE INSURANCE OPTION
		PART VI, LINE 4 NORTHCREST MEDICAL CENTER IS A COMMUNITY, NOT-FOR-PROFIT HOSPITAL LOCATED IN ROBERTSON COUNTY, WHICH IS LOCATED IN NORTHERN MIDDLE TENNESSEE AND INCLUDES EIGHT INDIVIDUAL MUNICIPALITIES NORTHCREST MEDICAL CENTER IS THE ONLY HOSPITAL LOCATED IN THE COUNTY WITH A POPULATION OF APPROXIMATELY 67,000 CITIZENS ROBERTSON COUNTY HAS AN AVERAGE HOUSEHOLD INCOME OF \$49,000, AND ITS POPULATION IS MADE UP OF 83% CAUCASIAN, 8% AFRICAN-AMERICAN, AND 7% HISPANIC

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 NORTHCREST MEDICAL CENTER IS A NOT-FOR-PROFIT, INDEPENDENT, COMMUNITY HOSPITAL THAT HAS BEEN PROVIDING COMPASSIONATE, QUALITY HEALTHCARE SINCE 1956 WITH A MISSION OF ENHANCING COMMUNITY AND PATIENT WELLNESS NORTHCREST PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY MEDICAL SERVICES TO NORTHERN MIDDLE TENNESSEE AND SOUTHERN KENTUCKY NORTHCREST MEDICAL CENTER IS GOVERNED BY A BOARD OF TRUSTEES MADE UP OF LOCAL COMMUNITY-MINDED MEN AND WOMEN NORTHCREST'S LOCAL BOARD ALLOWS US TO FOCUS ON THE NEEDS OF OUR COMMUNITY AND USE THE MEDICAL CENTER'S RESOURCES TO PROVIDE ADVANCED, HIGH QUALITY CARE IN A CONVENIENT LOCATION FOR OUR CITIZENS AND SUPPORT OUR COMMUNITY'S ORGANIZATIONS AND EVENTS NORTHCREST'S MEDICAL STAFF IS MADE UP OF HIGHLY TRAINED AND SKILLED PHYSICIANS FROM THROUGHOUT THE WORLD THE MEDICAL STAFF IS DEDICATED TO SUPPORTING THE MEDICAL CENTER AND ITS MISSION NORTHCREST IS ALSO LOOKING TO ADD SERVICES AND PHYSICIANS THAT ARE NEEDED FOR THE COMMUNITY

**Schedule I
(Form 990)****2012****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**

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

► Attach to Form 990

Name of the organization
NORTHCREST MEDICAL CENTEREmployer identification number
62-1046595**Part I General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY INC 2000 CHARLOTTE AVENUE NASHVILLE, TN 37203	13-1788491	501(C)(3)	10,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE AMERICAN CANCER SOCIETY	
(2) NORTHCREST MEDICAL CENTER FOUNDATION 100 NORTHCREST DRIVE SPRINGFIELD, TN 37127	20-4224449	501(C)(3)	20,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE NORTHCREST MEDICAL CENTER FOUNDATION	
(3) VOLUNTEER STATE COMMUNITY COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	501(C)(3)	10,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF VOLUNTEER STATE COMMUNITY COLLEGE	
(4) HILLCREST COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	501(C)(3)	250,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF HILLCREST COLLEGE	
(5) YMCA OF MIDDLE TENNESSEE 900 CHURCH STREET NASHVILLE, TN 37203	62-0476243	501(C)(3)	9,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE YMCA OF MIDDLE TENNESSEE	
(6) BOY SCOUTS OF AMERICA 3414 HILLSBORO PIKE NASHVILLE, TN 37215	62-0477729	501(C)(3)	6,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE BOY SCOUTS OF AMERICA	
(7) ROBERTSON COUNTY SCHOOLS 2121 WOODLAND STREET SPRINGFIELD, TN 37172	62-6000810		24,594	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF ROBERTSON COUNTY SCHOOLS	
(8) OPEN DOOR PREGNANCY CENTER 1802 MEADOWBROOK DRIVE SPRINGFIELD, TN 37172	78-0223296	501(C)(3)	10,000	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE OPEN DOOR PREGNANCY CENTER	
(9) AMERICAN HEART ASSOCIATION PO BOX 4002900 DES MOINES, IA 50430	13-5613797	501(C)(3)	7,500	0 FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE AMERICAN HEART ASSOCIATION	

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ► 9

3 Enter total number of other organizations listed in the line 1 table ► 0

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
SCHEDULE I, PART I, LINE 2	PROCEDURE FOR MONITORING GRANTS IN THE U S	NORTHCREST MEDICAL CENTER ONLY PROVIDES FUNDS TO CHARITIES AND QUALIFIED GOVERNMENTAL ENTITIES TO SUPPORT SPECIFIC PROJECTS RELATED TO THE HOSPITAL'S EXEMPT PURPOSES AND THOSE THAT BENEFIT THE COMMUNITY SERVED

Software ID:**Software Version:****EIN:** 62-1046595**Name:** NORTHCREST MEDICAL CENTER**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN CANCER SOCIETY INC 2000 CHARLOTTE AVENUE NASHVILLE, TN 37203	13-1788491	501(C)(3)	10,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE AMERICAN CANCER SOCIETY
NORTHCREST MEDICAL CENTER FOUNDATION 100 NORTHCREST DRIVE SPRINGFIELD, TN 37127	20-4224449	501(C)(3)	20,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE NORTHCREST MEDICAL CENTER FOUNDATION

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
VOLUNTEER STATE COMMUNITY COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	501(C)(3)	10,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF VOLUNTEER STATE COMMUNITY COLLEGE
HILLCREST COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	501(C)(3)	250,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF HILLCREST COLLEGE

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
YMCA OF MIDDLE TENNESSEE 900 CHURCH STREET NASHVILLE, TN 37203	62-0476243	501(C)(3)	9,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE YMCA OF MIDDLE TENNESSEE
B076 BOY SCOUTS OF AMERICA 3414 HILLSBORO PIKE NASHVILLE, TN 37215	62-0477729	501(C)(3)	6,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE BOY SCOUTS OF AMERICA

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
ROBERTSON COUNTY SCHOOLS 2121 WOODLAND STREET SPRINGFIELD, TN 37172	62-6000810		24,594	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF ROBERTSON COUNTY SCHOOLS
OPEN DOOR PREGNANCY CENTER 1802 MEADOWBROOK DRIVE SPRINGFIELD, TN 37172	78-0223296	501(C)(3)	10,000	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE OPEN DOOR PREGNANCY CENTER

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN HEART ASSOCIATION PO BOX 4002900 DES MOINES, IA 50430	13-5613797	501(C)(3)	7,500	0	FAIR MARKET VALUE	N/A	TO FURTHER EXEMPT PURPOSE OF THE AMERICAN HEART ASSOCIATION

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

Department of the Treasury
Internal Revenue Service

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.

2012**Open to Public Inspection**Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

Part I Questions Regarding Compensation

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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input checked="" type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input checked="" type="checkbox"/> 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

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?

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

<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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?

b Any related organization?

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?

b Any related organization?

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

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		No
2	Yes	
4a	Yes	
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)SCOTT RAYNES PRESIDENT/CEO	(i) 415,946 (ii) 0	(i) 79,502 (ii) 0	(i) 17,818 (ii) 0	(i) 2,201 (ii) 0	(i) 8,263 (ii) 0	(i) 523,730 (ii) 0	(i) 0 (ii) 0
(2)JIM SCHMIDT CFO	(i) 212,576 (ii) 0	(i) 36,574 (ii) 0	(i) 0 (ii) 0	(i) 1,312 (ii) 0	(i) 7,345 (ii) 0	(i) 257,807 (ii) 0	(i) 0 (ii) 0
(3)RANDY MILLS VP BUSINESS/COO	(i) 225,616 (ii) 0	(i) 24,535 (ii) 0	(i) 0 (ii) 0	(i) 1,279 (ii) 0	(i) 7,142 (ii) 0	(i) 258,572 (ii) 0	(i) 0 (ii) 0
(4)ANGELA BEARD CNO	(i) 121,343 (ii) 0	(i) 33,008 (ii) 0	(i) 0 (ii) 0	(i) 1,312 (ii) 0	(i) 8,701 (ii) 0	(i) 164,364 (ii) 0	(i) 0 (ii) 0
(5)RANDY DAVIS CIO	(i) 201,997 (ii) 0	(i) 31,723 (ii) 0	(i) 0 (ii) 0	(i) 1,276 (ii) 0	(i) 7,292 (ii) 0	(i) 242,288 (ii) 0	(i) 0 (ii) 0
(6)AMBER KING VP HR	(i) 121,343 (ii) 0	(i) 21,229 (ii) 0	(i) 0 (ii) 0	(i) 250 (ii) 0	(i) 7,441 (ii) 0	(i) 150,263 (ii) 0	(i) 0 (ii) 0

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 DUES, TRAVEL AND TAX INDEMNIFICATION PAYMENTS ARE APPROVED ON A CASE BY CASE BASIS AT THE DISCRETION OF THE CEO. TRAVEL FOR COMPANIONS AND PERSONAL SERVICES REIMBURSEMENTS ARE NOT SPECIFICALLY LISTED IN THE EXPENSE POLICIES. HOWEVER, THEY BOTH REQUIRE DOCUMENTATION TO BE REIMBURSED AND BOTH ARE INCLUDED IN COMPENSATION IN BOX 1 OF THE W-2 OR 1099-MISC.
	PART I, LINES 4A-B	RANDY MILLS RECEIVED \$90,839 AS SEVERANCE PAYMENT UPON HIS DEPARTURE FROM THE ORGANIZATION ON 8/1/2013

**Schedule K
(Form 990)****Supplemental Information on Tax Exempt Bonds****2012****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► 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.

Name of the organization
NORTHCREST MEDICAL CENTEREmployer identification number
62-1046595**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
THE HEALTH AND EDUCATION FACILITIES A BOARD OF THE CITY OF SPRINGFIELD TN	52-1353943	85141WAA8	10-30-2010	35,775,000	FUNDS BEING USED TO RESTRUCTURE DEBT		X		X		X

Part II Proceeds

1	Amount of bonds retired	A		B		C		D	
2	Amount of bonds legally defeased								
3	Total proceeds of issue		35,775,000						
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		35,775,000						
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion								
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
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

1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			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	MORGAN KEEGAN							
c Term of hedge	22 080000000000							
d Was the hedge superintegrated?		X						
e Was a hedge terminated?		X						

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
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?								

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 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.

2012**Open to Public
Inspection**Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	AFTER COMPLETION OF FORM 990, NORTHCREST'S ACCOUNTANT PROVIDES THE BOARD WITH A COPY OF THE FORM 990 FOR REVIEW AND IS AVAILABLE TO PRESENT AND EXPLAIN THE FORM 990 AT REQUEST OF THE BOARD
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY IS REVIEWED ANNUALLY BY THE BOARD AND A CONFLICT DISCLOSURE IS SIGNED
	FORM 990, PART VI, SECTION B, LINE 15	BOARD REVIEWS DIFFERENT SOURCES, SUCH AS MARKET ANALYSIS, BEFORE APPROVING COMPENSATION OF CEO. CEO THEN, IN TURN, REVIEWS AND APPROVES COMPENSATION OF KEY EMPLOYEES
	FORM 990, PART VI, SECTION C, LINE 19	THE REQUESTS FOR GOVERNING DOCUMENTS, CONFLICTS OF INTEREST POLICY AND FINANCIAL STATEMENTS GO THROUGH THE COMPLIANCE OFFICER, AND THE LEGALLY REQUIRED DOCUMENTS ARE MADE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT 2,208,009 EQUITY METHOD LOSS - NORTHCREST PHYSICIAN SERVICES -2,363,936 NET ASSETS - NORTHCREST STRATEGIC SERVICES -2,763
AUDIT COMMITTEE	FORM 990, PART XII, LINE 2C	THE BOARD OF DIRECTORS HAS A FINANCE COMMITTEE THAT IS RESPONSIBLE FOR OVERSIGHT OF THE AUDIT. THEIR PROCESSES FOR REVIEW AND SELECTION OF INDEPENDENT ACCOUNTANT HAVE NOT CHANGED FROM THE PRIOR YEAR

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number

62-1046595

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

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.)

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.)

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.)

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTHCREST PHYSICIANS SERVICES INC	A	426,050	FAIR MARKET VALUE
(2) NORTHCREST MEDICAL CENTER FOUNDATION	B	20,000	FAIR MARKET VALUE
(3) NORTHCREST MEDICAL CENTER FOUNDATION	C	39,387	FAIR MARKET VALUE
(4) NORTHCREST MEDICAL CENTER FOUNDATION	O	779,742	FAIR MARKET VALUE

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

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

Software ID:**Software Version:****EIN:** 62-1046595**Name:** NORTHCREST MEDICAL CENTER

Schedule R (Form 990) 2012

Page 5

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
SHARING OF PAID EMPLOYEES WITH RELATED ORGANIZATION	FORM 990, SCHEDULE R, PART V, LINE 10	NORTHCREST MEDICAL CENTER AND NORTHCREST MEDICAL CENTER FOUNDATION SHARE THE FOLLOWING PAID EMPLOYEES SCOTT RAYNES - TOTAL FISCAL YEAR COMPENSATION \$515,275 JIM SCHMIDT - TOTAL FISCAL YEAR COMPENSATION \$264,467 NORTHCREST MEDICAL CENTER COMPENSATES THESE EMPLOYEES SINCE THE MAJORITY OF THE EMPLOYEES' TIME IS DEVOTED TO NORTHCREST MEDICAL CENTER

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KraftCPAs

CONTROL NO. Au 06-10

KRAFTCPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS
FINANCIAL STATEMENT CONTROL SHEET

Client: NORTHERN MEDICAL CENTERClient #: 26625 Job # Au 0613 Year end: 6/30/13Type of Report: Audit Review Compilation Special Other: SEC Single Audit Yellow Book: Date promised: 9/30/13 No. of copies: Draft Bound 20 Unbound PDF Draft PDF Final Designated proofreader: MARIA SEARON**DRAFT OF FINANCIAL STATEMENT:**

Prepared by

Caseview statements - FS Options and Form Version Report Date: n/a

Caseware linked to financial statements

Checked all financial statement Excel spreadsheet formulas

Manually footed and cross-footed each row and column of the financials and footnotes

Checked appropriateness of headings

Checked spacing, underlines, double underlines, parentheses, and dollar signs

Checked transfers within the financials and notes

Compared language of reports to latest example in applicable McGladrey/PPC resources
(including Yellow Book and Single Audit, if applicable)

Read entire financial statement, footnotes and accountants' report(s)

Completed disclosure checklist

Engagement in-charge review

Engagement manager approval

Engagement member approval

	Initials	Date
Caseview statements - FS Options and Form Version Report Date: <u>n/a</u>	<u>mj</u>	<u>9/24/13</u>
Caseware linked to financial statements	<u>n/a</u>	
Checked all financial statement Excel spreadsheet formulas	<u>mj</u>	
Manually footed and cross-footed each row and column of the financials and footnotes	<u>mj</u>	
Checked appropriateness of headings	<u>mj</u>	
Checked spacing, underlines, double underlines, parentheses, and dollar signs	<u>mj</u>	
Checked transfers within the financials and notes	<u>mj</u>	
Compared language of reports to latest example in applicable McGladrey/PPC resources (including Yellow Book and Single Audit, if applicable)	<u>mj</u>	
Read entire financial statement, footnotes and accountants' report(s)	<u>mj</u>	
Completed disclosure checklist	<u>mj</u>	
Engagement in-charge review	<u>n/a</u>	
Engagement manager approval	<u>mj</u>	
Engagement member approval	<u>BN</u>	<u>9/27/13</u>

TECHNICAL REVIEW:

Technical review performed and discussed with engagement manager or member

Word processing revisions made, full set reprinted and proofread

Changes are proofed and approved by engagement manager or member

Engagement concurring review approval (if required)

<u>MPD</u>	<u>9/24/13</u>
<u>SLR</u>	<u>9/25/13</u>
<u>MJ</u>	<u>9/27/13</u>
<u>n/a</u>	

REPORT DELIVERABLES:

Draft delivered to client

Trial balance and adjustments delivered to client

Client approval of financials

Final technical review (if necessary – member discretion)

Manually footed and cross-footed each row and column (financials and footnotes)
and checked transfers

Signed and approved

<u>mj</u>	<u>9/27</u>
<u>SLR</u>	<u>9/27</u>
<u>BN</u>	<u>11/14/13</u>
<u>n/a</u>	
<u>BN</u>	<u>11/14/13</u>
<u>BN</u>	<u>11/14/13</u>

PROCESSING:

Financial statement copied and bound by

If under State of TN audit contract, file F/S and management letter with CARS

<u>SLR</u>	<u>11/14, 13</u>
------------	------------------

Other instructions: _____

NORTHCREST MEDICAL CENTER
AND AFFILIATES

SPRINGFIELD, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2013 AND 2012

NORTHCREST MEDICAL CENTER
AND AFFILIATES

SPRINGFIELD, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

KraftCPAs
PLLC

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of NorthCrest Medical Center and Affiliates (collectively, the "Hospital"), which comprise the consolidated balance sheet as of June 30, 2013, and the related consolidated statement of operations and changes in unrestricted net assets, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthCrest Medical Center and Affiliates as of June 30, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTER

The financial statements of NorthCrest Medical Center and Affiliates, as of and for the year ended June 30, 2012, were audited by other auditors whose report dated October 10, 2012 expressed an unmodified opinion on those statements.

KraftCPAs PLLC

Nashville, Tennessee
November 14, 2013

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 2,883,246	\$ 3,357,817
Short-term investments	6,167,493	2,500,000
Patient accounts receivable, less allowance for doubtful accounts of \$5,532,288 in 2013 and \$4,762,907 in 2012	16,373,367	13,526,154
Other receivables	1,194,363	242,261
Current maturities of notes receivable	32,547	66,507
Inventories	1,491,629	1,455,938
Prepaid expenses	<u>986,831</u>	<u>732,357</u>
TOTAL CURRENT ASSETS	<u>29,129,476</u>	<u>21,881,034</u>
Property and equipment, net	37,412,793	36,522,712
Loan costs, net of accumulated amortization of \$152,769 in 2013 and \$73,532 in 2012	1,630,957	1,710,194
Notes receivable, excluding current maturities	495,534	288,497
Investments	<u>4,678,412</u>	<u>14,792,330</u>
TOTAL ASSETS	<u>\$ 73,347,172</u>	<u>\$ 75,194,767</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 2,075,600	\$ 1,507,400
Current maturities of capital lease obligations	1,188,889	923,169
Accounts payable	1,430,020	1,356,701
Estimated third-party payor settlements	622,279	594,240
Accrued expenses	<u>5,586,520</u>	<u>5,514,342</u>
TOTAL CURRENT LIABILITIES	<u>10,903,308</u>	<u>9,895,852</u>
Fair value of interest rate swap agreement	5,005,282	7,213,291
Long-term debt, less current maturities	39,125,400	40,574,600
Capital lease obligations, less current maturities	<u>2,424,753</u>	<u>1,464,366</u>
TOTAL LIABILITIES	<u>57,458,743</u>	<u>59,148,109</u>
Unrestricted net assets	<u>15,888,429</u>	<u>16,046,658</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 73,347,172</u>	<u>\$ 75,194,767</u>

See accompanying notes to consolidated financial statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Patient service revenue, net of contractual adjustments and discounts	\$ 85,062,732	\$ 82,015,140
Less provision for bad debts	<u>(11,905,159)</u>	<u>(9,582,302)</u>
Net patient service revenue	73,157,573	72,432,838
Other revenue	<u>3,409,304</u>	<u>4,935,446</u>
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	<u>76,566,877</u>	<u>77,368,284</u>
EXPENSES		
Salaries and benefits	43,416,668	42,653,905
Supplies and other expenses	21,706,771	20,767,933
Purchased services	8,304,804	7,609,246
Depreciation and amortization	4,160,808	4,391,575
Interest expense	<u>2,144,851</u>	<u>2,156,336</u>
TOTAL EXPENSES	<u>79,733,902</u>	<u>77,578,995</u>
OPERATING LOSS	<u>(3,167,025)</u>	<u>(210,711)</u>
NONOPERATING REVENUES		
Contributions	367,543	415,283
Investment income	<u>705,632</u>	<u>575,357</u>
TOTAL NONOPERATING REVENUES	<u>1,073,175</u>	<u>990,640</u>
EXCESS (DEFICIENCY) OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	<u>(2,093,850)</u>	<u>779,929</u>
Change in net unrealized gains (losses) on investments	(272,388)	(257,121)
Change in fair value of interest rate swap agreement	<u>2,208,009</u>	<u>(3,306,330)</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(158,229)</u>	<u>(2,783,522)</u>
NET ASSETS - BEGINNING OF YEAR	<u>16,046,658</u>	<u>18,830,180</u>
NET ASSETS - END OF YEAR	<u>\$ 15,888,429</u>	<u>\$ 16,046,658</u>

See accompanying notes to consolidated financial statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (158,229)	\$ (2,783,522)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities		
Depreciation and amortization	4,305,422	4,977,879
Provision for bad debts	11,905,159	9,582,302
Unrealized (gain) loss on other than trading securities	272,388	257,121
Change in fair value of interest rate swap agreement	(2,208,009)	3,306,330
Gain on disposal of property and equipment	(361,725)	-
Changes in assets and liabilities:		
Patient accounts receivable	(14,752,372)	(11,365,691)
Other receivables	(952,102)	66,484
Inventories	(35,691)	(77,004)
Prepaid expenses and other current assets	(254,474)	147,330
Accounts payable	73,319	423,047
Estimated third-party payor settlements	28,039	730,341
Accrued expenses	72,178	326,238
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(2,066,097)</u>	<u>5,590,855</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,759,286)	(7,085,511)
Proceeds from sale of property and equipment	447,711	-
Purchases of investments	(3,499,874)	(9,596,278)
Proceeds from sale of investments	9,673,911	5,617,657
Advances on notes receivable	(327,435)	(12,454)
Collections on notes receivable	4,285	19,582
NET CASH USED IN INVESTING ACTIVITIES	<u>3,539,312</u>	<u>(11,057,004)</u>
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	492,000	5,000,000
Principal payments on long-term debt	(1,373,000)	(1,318,000)
Principal payments on capital lease obligations	(1,066,786)	(1,072,636)
Payment of loan issue costs	-	(1,221,700)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(1,947,786)</u>	<u>1,387,664</u>
CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,357,817</u>	<u>7,436,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,883,246</u>	<u>\$ 3,357,817</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 2,144,851</u>	<u>\$ 2,310,072</u>
NONCASH INVESTING AND FINANCIAL ACTIVITIES		
Assets acquired through capital lease obligations	<u>\$ 2,298,351</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF OPERATIONS

NorthCrest Medical Center and Affiliates (the “Hospital”) is a Tennessee nonprofit corporation that operates a 109-bed general acute care facility. The Hospital provides a full range of medical services to both inpatients and outpatients in and around the Springfield, Tennessee area.

Admitting physicians are primarily practitioners in the local area.

Also included in the accompanying consolidated financial statements are the Hospital’s wholly-owned subsidiaries, NorthCrest Strategic Services, Inc. (“NCSS”) and NorthCrest Physician Services, Inc., (“NCPS”), both of which are for-profit corporations engaged in providing healthcare services, NorthCrest Health Network, LLC (“NHN”), a for-profit physician hospital organization and NorthCrest Medical Center Foundation (the “Foundation” or “NCF”), a Tennessee nonprofit corporation organized to foster, promote, develop and provide healthcare facilities in Robertson County, Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, its wholly-owned subsidiaries discussed above and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncements

In July 2011, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance that required healthcare entities to change the presentation and disclosures regarding patient service revenues, provisions for bad debts and the allowance for doubtful accounts. This update required the Hospital to change the presentation of its statement of operations by reclassifying the provision for bad debts from an operating expense to a deduction from patient service revenue. Additionally, the Hospital was required to provide enhanced disclosures about its policy for recognizing revenue and assessing bad debts. The update also required certain disclosures regarding patient service revenue as well as qualitative and quantitative information about the changes in the allowance for doubtful accounts. This update was effective for the year ending June 30, 2013 and has been incorporated into the accompanying consolidated financial statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most sensitive estimates included in these consolidated financial statements relate to the allowance for doubtful accounts, contractual allowances, estimated third-party payor settlements and self-insurance liabilities. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

In particular, laws and regulations governing the Medicare and Medicaid/TennCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when acquired.

Patient Accounts Receivable and Provision for Bad Debts

Patient accounts receivable are reported at estimated net realizable amounts after deduction of allowances for doubtful accounts for services rendered collectible from federal and state agencies (under the Medicare and Medicaid/TennCare programs), managed health plans, commercial insurance companies, workers' compensation, employers and patients. Receivables are generally uncollateralized, but credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors. Late fees and interest charges, if any, are recognized when received.

Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debts is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

Investments consist of U. S. government securities and obligations of its agencies, mortgage-backed securities and marketable equity and debt securities. Investments are measured at fair value.

Short-term investments are stated at cost and consist of money market funds held in brokerage accounts and certificates of deposits with original maturities greater than three months.

Investment income (including realized gains and losses on investments, interest and dividends) is included in nonoperating revenues. Changes in net unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues, gains and other support over expenses. Losses on other-than-temporarily impaired assets are included in the excess (deficiency) of revenues, gains and other support over expenses.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the accompanying consolidated balance sheets and consolidated statement of operations and changes in unrestricted net assets.

The Hospital continually reviews investments for impairment conditions that indicate that an other-than-temporary decline in market value has occurred. In conducting this review, numerous factors are considered which, individually or in combination, indicate that a decline is other-than-temporary and that a reduction of the carrying value is required. These factors include specific information pertaining to an individual company or particular industry and general market conditions that reflect prospects for the economy as a whole. During 2013 and 2012, the Hospital did not recognize any other-than-temporary losses as there were not significant unrealized losses.

Notes Receivable

In order to recruit physicians to the Hospital and the surrounding community, the Hospital periodically makes agreements with physicians in which the Hospital guarantees revenue to the physician or pays medical school expenses for the physicians. The Hospital also periodically makes agreements with medical and nursing students to pay education expenses once the students become employees of the Hospital. Each physician or employee signs a note agreement whereby the physician or employee agrees to repay the monies advanced by the Hospital over a certain period of time. However, the note agreements provide that the physician or employee may repay the note by continuing medical practice or employment with the Hospital. In such cases, the Hospital amortizes the related notes over the life of the agreement beginning approximately one year after the physician or employee begins providing medical services. If a physician or employee does not continue providing medical services as required in the note agreement, the physician or employee is required to repay the unamortized portion of the note receivable back to the Hospital.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable - Continued

The Hospital recognizes interest income when earned. The Hospital's management regularly reviews the notes receivable and provides an allowance for uncollectible amounts when considered necessary. As of June 30, 2013 and 2012, the Hospital did not consider any allowance to be necessary related to the notes receivable.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated on the basis of the lower of cost, determined on a first-in, first-out ("FIFO") method or market.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated items, on the basis of fair market value at date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities or extend useful lives are capitalized, as is interest on amounts borrowed to finance such expenditures.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and 4 to 20 years for equipment. Assets under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Amortization of equipment under capital leases is included in the depreciation and amortization on the accompanying financial statements.

Long-Lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Loan costs

Loan costs associated with the issuance of long-term debt are recorded net of accumulated amortization and are amortized using the straight-line method over the term of the respective debt agreements. Amortization expense amounted to approximately \$79,000 and \$61,000 for 2013 and 2012, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Hospital's policy is to compensate employees for unused, earned vacation leave. Accumulated vacation pay is accrued as of the balance sheet date because it is payable upon termination of employment if certain conditions are met. The aforementioned liability is included in accrued expenses and is classified as a current liability in the accompanying consolidated balance sheets.

Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When the specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets. Resources temporarily restricted by donors for additions to land, building and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended. Donor-imposed restrictions which stipulate that the resources be maintained permanently are reported as permanently restricted net assets. Investment income for these permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2013 and 2012, there are no permanently or temporarily restricted net assets.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursement agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Hospital. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid/TennCare, which account for a significant amount of the Hospital's revenue. The laws and regulations under which the Medicare and Medicaid/TennCare programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustment to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirement of these programs.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity policy without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care they provide. Those records include the amount of charges for services and supplies furnished to patients at no charge.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 began providing for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record ("EHR") technology. The Hospital must attest to certain criteria in order to qualify to receive the incentive payments. The amount of the incentive payments are calculated using predetermined formulas based on available information, primarily related to discharges and patient days. The Hospital utilizes a grant accounting model to recognize EHR incentive revenues and recognizes revenues related to Medicare incentive payments ratably over each EHR reporting period (October 1 to September 30) when it has met meaningful use requirements for certified EHR technology for the EHR reporting period. The Hospital recognized Medicare EHR revenue of \$855,344 and \$1,584,620 for 2013 and 2012, respectively. The Hospital recognizes Medicaid incentive payments in the period that it qualifies for the funds based on the provisions of the State of Tennessee Division of Medicaid. The Hospital recognized \$122,733 and \$981,862 of revenues related to Medicaid EHR incentive programs for 2013 and 2012, respectively.

The EHR revenues are reflected in other operating revenues on the accompanying consolidated statements of operations and changes in net assets. Future incentive payments could vary due to certain factors such as availability of federal funding for both Medicare and Medicaid incentive payments and the Hospital's ability to implement and demonstrate meaningful use of certified EHR technology. The Hospital has and will continue to incur both capital costs and operating expenses in order to implement its certified EHR technology and meet meaningful use requirements in the future. These expenses are ongoing and are projected to continue over all stages of implementation of meaningful use. The timing of recognizing the expenses may not correlate with the receipt of the incentive payments and the recognition of revenues. There can be no assurance that the Hospital will demonstrate meaningful use of certified EHR technology in the future, and the failure to do so could have a material, adverse effect on the results of operations. As a part of operating this program, there is a possibility that government authorities may make adjustments to amounts previously recorded by the Hospital. The Hospital's attestation of demonstrating meaningful use is also subject to review by the appropriate government authorities. The amount of revenue recognized is based on management's best estimate, which is subject to change. Such changes will be reflected in the period in which the changes occur.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess (Deficiency) of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in unrestricted net assets include excess (deficiency) of revenues, gains and other support over expenses. Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenues, gains and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments and changes in the fair value of the interest rate swap agreement.

Operating Activity

The Hospital's primary purpose is to provide healthcare services through its acute care facility. As such, activities related to the ongoing operations of the Hospital are classified as operating revenues. Operating revenues include those generated from direct patient care, related support services, gains or losses from disposition of operating properties and miscellaneous revenues related to the operations of the Hospital. In addition, contributions and earnings on interest-bearing investments that are used to support health related activities are reported as nonoperating Income.

Income Taxes

The Hospital and the Foundation are exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements. The Hospital's wholly-owned subsidiaries are for-profit corporations and are taxed under Subchapter "C" of the Internal Revenue Code. These for-profit corporations have incurred significant tax losses. Due to the uncertainty of future taxable income, net deferred tax assets of approximately \$3,020,000 at June 30, 2013 and \$2,535,000 at June 30, 2012 have been fully reserved. The most significant deferred items relate to net operating loss carryforwards, the allowance for doubtful accounts and accrued vacation. These entities have approximately \$13,100,000 of net operating losses available at June 30, 2013 that may be used to offset future taxable income. The net operating losses expire in various years beginning June 30, 2019.

The Hospital follows the guidance for accounting for uncertainty in income taxes recognized in the Hospital's consolidated financial statements that prescribes a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also addresses the derecognition, classification, interest and penalties, accounting in interim periods and required disclosures.

The Hospital has determined that there are no significant uncertain tax positions at June 30, 2013 or 2012. If interest and penalties are incurred related to uncertain tax positions, such amounts would be recognized in income tax expense. Tax periods for all fiscal years after 2009 remain open to examination by the federal and state taxing jurisdictions to which the Hospital is subject.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising costs for the year ended June 30, 2013 and 2012 were \$326,589 and \$252,154, respectively.

Reclassifications

Certain reclassifications were made to the prior year's consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

NOTE 3 - CREDIT RISK AND OTHER CONCENTRATIONS

The Hospital generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Hospital has not experienced any losses in such accounts.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies and patients. The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payors as of June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Medicare	21 %	21 %
Medicaid/TennCare	14	15
Other third-party payors	31	31
Self-pay	34	33
Total	<u>100</u>	<u>100</u>

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and third-party payors.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 4 - PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital is reimbursed for these items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.

For outpatient services, the Center for Medicare and Medicaid Services ("CMS") established an outpatient prospective payment system ("OPPS") which established groups called Ambulatory Payment Classifications ("APC") for outpatient procedures. Payment is made for each APC depending upon the service rendered.

Medicaid

The Medicaid program reimburses the Hospital for the cost of services rendered to Medicaid beneficiaries at a prospective rate which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. For the years ended June 30, 2013 and 2012, net patient service revenue increased and decreased approximately \$38,000 and \$453,000, respectively, due to adjustments in excess of amounts previously estimated.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 4 - PATIENT SERVICE REVENUE (CONTINUED)

TennCare

The TennCare program is a managed care program to provide healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The Hospital contracts with various managed care organizations which offer both health maintenance organization and preferred provider organization healthcare products. Inpatient reimbursement to the Hospital is received through per diems and Diagnosis-Related Group ("DRG") payments. Outpatient payments are generally received on a discounted fee for service basis.

The TennCare program also provides for Essential Access Hospital ("EHR") payments. The methodology for distributing these funds considers each hospital's relative contribution to providing services to TennCare members with eligibility determined each quarter. The Hospital received \$674,733 and \$810,731 for the years ended June 30, 2013 and 2012, respectively. EHR payments are presented as a reduction of contractual adjustments.

Other

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

The composition of patient service revenue for the years ended June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Gross patient service revenue	\$ 243,018,989	\$ 222,945,427
Less provisions for contractual and other adjustments	<u>157,956,257</u>	<u>140,930,287</u>
	<u><u>\$ 85,062,732</u></u>	<u><u>\$ 82,015,140</u></u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 4 - PATIENT SERVICE REVENUE (CONTINUED)

The composition of gross revenues for patient services rendered for the years ended June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Medicare	32	30
Medicaid/TennCare	18	20
Other third-party payors	39	39
Self-pay	<u>11</u>	<u>11</u>
Total	<u>100</u>	<u>100</u>

NOTE 5 - CHARITY CARE

The Hospital maintains records to identify and to 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 estimated cost of those services and supplies and equivalent service statistics. The direct and indirect costs associated with these services cannot be identified to specific charity care patients. Therefore, management estimated the costs of these services by calculating a cost to gross charge ratio and multiplying it by the charges associated with services provided to patients meeting the Hospital's charity care guidelines. Costs incurred for charity, based on the cost to charge ratio, was approximately \$1,675,000 and \$1,261,000 in 2013 and 2012, respectively. Included in gross patient service revenues and other adjustments for 2013 and 2012 is approximately \$5,198,000 and \$3,914,000, respectively, from uncompensated care pools.

NOTE 6 - INVESTMENTS

The composition of investments at June 30 was as follows:

	<u>2013</u>	<u>2012</u>
Certificates of deposit - current	\$ -	\$ 2,500,000
Money market funds	6,167,493	-
U.S. Treasury securities and obligations of the		
U.S. Government and its agencies	507,635	3,259,172
Mortgage-backed securities	655,454	-
Equity securities	1,270,978	2,497,520
Corporate bonds	<u>2,244,345</u>	<u>9,035,638</u>
Total	<u>\$ 10,845,905</u>	<u>\$ 17,292,330</u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 7 - NOTES RECEIVABLE

At June 30, 2013 and 2012, the Hospital had \$528,081 and \$355,004, respectively, in unsecured notes receivable due from physicians who practice at the Hospital or in the surrounding community and non-physicians who receive reimbursement for tuition expenses. The notes mature at various dates through December 2018 and bear interest at rates commensurate with market rates at the time of the loan (ranging from 5.0 percent - 9.0 percent).

Amortization related to these notes was \$144,614 and \$586,304 in 2013 and 2012, respectively. In addition, the Hospital made additional advances under such note agreements of \$327,435 and \$12,454 during 2013 and 2012, respectively.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 was as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 4,150,958	\$ 4,141,658
Buildings	47,620,490	48,103,591
Equipment	<u>42,133,876</u>	<u>37,166,460</u>
	93,905,324	89,411,709
Less accumulated depreciation and amortization	<u>(56,492,531)</u>	<u>(52,888,997)</u>
	<u>\$ 37,412,793</u>	<u>\$ 36,522,712</u>

Depreciation and amortization expense related to these assets was approximately \$4,082,000 and \$4,331,000 in 2013 and 2012, respectively. Interest expense of approximately \$0 and \$87,000 was capitalized in 2013 and 2012, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 9 - LONG-TERM DEBT

Long-term debt at June 30 was as follows:

	2013	2012
Hospital Revenue Refunding Bonds, Series 2010A (a)	\$ 27,932,914	\$ 28,989,518
Hospital Revenue Refunding Bonds, Series 2010B (a)	5,377,086	5,580,482
Hospital Revenue Refunding Bonds, Series 2010C (a)	2,374,000	2,487,000
Hospital Revenue Refunding Bonds, Series 2010D (a)	5,025,000	5,025,000
Term Loan (b)	<u>492,000</u>	-
Total long-term debt	41,201,000	42,082,000
Less current maturities \$	<u>(2,075,600)</u>	<u>(1,507,400)</u>
	\$ 39,125,400	\$ 40,574,600

(a) Effective December 30, 2010, the Hospital issued The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010A, 2010B, 2010C and 2010D ("2010 Revenue Bonds") which were primarily used to advance refund the Series 2008 and 2006B Hospital Revenue Refunding Bonds. As a result of the refinancing, the Hospital paid off the bonds and was legally released as the obligor of the Series 2008 Hospital Revenue Refunding Bonds and the Series 2006B Hospital Revenue Bonds.

Interest is payable monthly at variable rates (2.03 and 2.06 percent at June 30, 2013 and 2012 for Series 2010A and 2010B, respectively) (2.74 and 2.79 percent at June 30, 2013 and 2012 for Series 2010C and 2010D, respectively), principal is payable in annual installments through August 2032; collateralized by a first deed of trust on the Hospital building, accounts receivable, inventory, equipment, furniture and fixtures.

The master trust indenture, under which the 2010 Revenue Bonds were issued, and the related reimbursement and credit agreements contain several covenants, the most restrictive of which are the maintenance of certain minimum financial ratios and limitations on the incurrence of additional debt. The Hospital was not in compliance of certain of the covenants as of June 30, 2013; however, these covenants were waived by the bondholder. Effective September 30, 2013, the Financing Agreement was amended to change the required Debt Service Coverage Ratio.

(b) In June 2013, the Hospital entered into a loan agreement for \$492,000 with First Tennessee Bank NA. The interest rate is variable at LIBOR plus 275 basis points per annum (2.95 percent at June 30, 2013). Debt service payments commenced on July 31, 2013 and are payable monthly through June 30, 2014.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 9 - LONG-TERM DEBT (CONTINUED)

A summary of future maturities of long-term debt as of June 30, 2013 were as follows:

Year Ending June 30,	Amount
2014	\$ 2,075,600
2015	1,640,800
2016	1,719,200
2017	1,793,800
2018	1,883,400
Thereafter	<u>32,088,200</u>
	<u>\$ 41,201,000</u>

NOTE 10 - CAPITAL LEASE OBLIGATIONS

The Hospital leases equipment under capital lease agreements that expire at various times and have various renewal options.

The Hospital's obligations under these capital leases as of June 30 were as follows:

	2013	2012
Minimum lease payments payable	\$ 3,797,264	\$ 2,540,643
Less portion representing interest	<u>(183,622)</u>	<u>(153,108)</u>
Capital lease obligations	3,613,642	2,387,535
Less current maturities	<u>(1,188,889)</u>	<u>(923,169)</u>
Long-term maturities	<u>\$ 2,424,753</u>	<u>\$ 1,464,366</u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 10 - CAPITAL LEASE OBLIGATIONS (CONTINUED)

Future minimum annual lease payments payable under the capital leases as of June 30, 2013 were as follows:

Year Ending June 30,	
2014	\$ 1,277,106
2015	906,278
2016	824,147
2017	479,827
2018	<u>309,906</u>
Minimum lease payments payable	3,797,264
Less portion representing interest	<u>(183,622)</u>
	<u><u>\$ 3,613,642</u></u>

Equipment utilized under capital leases as of June 30 was as follows:

	2013	2012
Equipment	\$ 10,864,609	\$ 8,545,710
Less accumulated depreciation	<u>(7,189,185)</u>	<u>(6,297,379)</u>
	<u><u>\$ 3,675,424</u></u>	<u><u>\$ 2,248,331</u></u>
Amortization expense	<u><u>\$ 891,807</u></u>	<u><u>\$ 939,229</u></u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 11 - EMPLOYEE BENEFIT PLANS

The Hospital has a defined contribution retirement plan. Employees are eligible to participate after completing 90 days of service and attaining age 19. The Hospital makes a matching contribution of 25 percent of employee contributions up to 3 percent of compensation. In addition, the Hospital can make discretionary contributions to the plan as defined in the plan document. Approximately \$402,000 of discretionary contributions was accrued at June 30, 2012. During 2013, management determined that the discretionary contribution would not be made for 2012 or 2013 and the accrued amount was reversed. The Hospital's retirement plan contribution expense was approximately (\$228,350) and \$688,000 for the years ended June 30, 2013 and 2012, respectively.

During 2011, the Hospital entered into a self-funded health insurance program for its employees. Prior to entering into the self-funded arrangement, the Hospital provided for employee health insurance under a fully insured plan. Claims against the program are administered by an independent risk management firm. Claims are recorded as an expense as they are paid. An annual estimate is accrued for both reported claims and claims incurred but not reported at year end. The Hospital has recorded a reserve in the amount of \$922,000 and \$877,000 at June 30, 2013 and 2012, respectively. Total expense for claims incurred for the year ended June 30, 2013 and 2012 was \$3,866,505 and \$3,871,750, respectively.

NOTE 12 - OPERATING LEASES

The Hospital leases various equipment and office space under operating leases expiring at various dates through July 2018. Total rental expense in 2013 and 2012 for all operating leases was approximately \$1,650,000 and \$1,360,000, respectively.

The following is a schedule by year of future minimum lease payments under noncancelable operating leases as of June 30, 2013, that have initial or remaining lease terms in excess of one year:

<u>Year Ending</u>	
<u>June 30,</u>	
2014	\$ 817,256
2015	578,012
2016	264,880
2017	105,215
2018	<u>62,575</u>
	<u><u>\$ 1,827,938</u></u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 12 - OPERATING LEASES (CONTINUED)

It is expected that in the normal course of business, leases and service agreements that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease and service agreement payments will not be less than the commitment for 2014.

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

The Hospital currently maintains medical malpractice insurance on a claims-made basis through Arch Specialty Insurance Company (“Arch”). The Hospital’s policy with Arch offers coverage for any claims incurred and reported during the policy period. Should the Hospital’s claims made medical malpractice policy not be renewed or replaced with equivalent insurance, claims that are reported subsequent to the policy date will not be insured. The Hospital intends to continue carrying the claims-made insurance. Management and legal counsel are not aware of any incidents that would ultimately result in a loss in excess of the Hospital’s insurance coverage.

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENT

Effective August 1, 2008, in connection with the issuance of the 2008 Revenue Refunding Bonds, the Hospital entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on the bonds. During 2011, the 2008 Revenue Refunding Bonds were paid off. However, the swap agreement was kept in place to hedge the variable interest rates associated with the new debt (See Note 9). The interest rate swap agreement was amended and restated as of November 1, 2011. Under the amended interest rate swap agreement, which is classified as a cash flow hedge, the Hospital pays interest monthly at a fixed rate of 3.56 percent and receives interest monthly at 65% of the one month LIBOR. The net amounts paid to or received from the counterparty to the swap are included in interest expense. The interest rate swap agreement is recorded at fair value with fair value being determined based upon quoted year-end market rates. Changes in the fair value of the interest rate swap are recorded as a component of unrestricted net assets. The agreement terminates in August 2033 and has an original notional amount of \$38,020,000. Notional amounts do not quantify risk or represent assets or liabilities of the Hospital, but are used in the determination of cash settlements under the agreement.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENT (CONTINUED)

At June 30, 2013 and 2012, derivative financial instruments consisted of the following:

Designated for hedging:

2013					
<u>Description</u>	<u>Notional</u>	<u>Maturity</u>	<u>Pay Index</u>	<u>Receive Index</u>	<u>Fair Value</u>
Fixed payor	\$ 33,310,000	August 2033	3.56%	65% of 1 - month LIBOR	\$ (5,005,282)
2012					
<u>Description</u>	<u>Notional</u>	<u>Maturity</u>	<u>Pay Index</u>	<u>Receive Index</u>	<u>Fair Value</u>
Fixed payor	\$ 34,570,000	August 2033	3.56%	65% of 1 - month LIBOR	\$ (7,213,291)

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 15 - FAIR VALUE MEASUREMENTS

FASB authoritative guidance defines fair value, establishes a framework and hierarchy for measuring fair value and provides for related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model.

Financial assets and liabilities recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Government securities and obligations of its agencies, as well as mortgage-backed securities, are determined by obtaining quoted market prices (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). The Hospital obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, cash flows and reference data, including market research publications, among other things.

Equity securities and corporate bonds are measured at fair value based on quoted market prices.

The fair value of the interest rate swap is based on the expected cash flows over the life of the swap. The expected cash flows are determined by evaluating transactions with a pricing model using a specific market environment. The values are produced using proprietary models that rely on certain assumptions and available market data.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 15 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Hospital's fair value hierarchy for its financial assets and liabilities, and changes therein, measured at fair value on a recurring basis as of and for the years ended June 30, 2013 and 2012:

Fair Value Measurements at June 30, 2013					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total at June 30, 2013
Financial assets					
Government securities	\$ -	\$ 507,635	\$ -	\$ 507,635	
Mortgage-backed securities	\$ -	\$ 655,454	\$ -	\$ 655,454	
Equity securities	\$ 1,270,978	\$ -	\$ -	\$ 1,270,978	
Corporate bonds	\$ 2,244,345	\$ -	\$ -	\$ 2,244,345	
Total assets	<u>\$ 3,515,323</u>	<u>\$ 1,163,089</u>	<u>\$ -</u>	<u>\$ 4,678,412</u>	
Financial liabilities					
Interest rate swap	\$ -	\$ 5,005,282	\$ -	\$ 5,005,282	
Total liabilities	<u>\$ -</u>	<u>\$ 5,005,282</u>	<u>\$ -</u>	<u>\$ 5,005,282</u>	

Fair Value Measurements at June 30, 2012					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total at June 30, 2012
Financial assets					
Government securities	\$ 3,259,172	\$ -	\$ -	\$ 3,259,172	
Equity securities	\$ 2,497,520	\$ -	\$ -	\$ 2,497,520	
Corporate bonds	\$ 9,035,638	\$ -	\$ -	\$ 9,035,638	
Total assets	<u>\$ 14,792,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,792,330</u>	
Financial liabilities					
Interest rate swap	\$ -	\$ 7,213,291	\$ -	\$ 7,213,291	
Total liabilities	<u>\$ -</u>	<u>\$ 7,213,291</u>	<u>\$ -</u>	<u>\$ 7,213,291</u>	

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 16 - FUNCTIONAL EXPENSES

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are accumulated by function as follows at June 30.

	<u>2013</u>	<u>2012</u>
Nursing and other professional services	\$ 54,612,913	\$ 52,356,319
General and administrative office	18,815,330	18,674,765
Depreciation and interest	<u>6,305,659</u>	<u>6,547,911</u>
	<u><u>\$ 79,733,902</u></u>	<u><u>\$ 77,578,995</u></u>

NOTE 17 - LITIGATION

In December 2012, a lawsuit was filed against NCPS alleging workers' compensation retaliation. Because this lawsuit is in its early stages, management and the Hospital's legal counsel are unable to reasonably estimate the amount of liability which may be incurred if an adverse decision is rendered.

NOTE 18 - SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through November 14, 2013, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

We have audited the financial statements of NorthCrest Medical Center and Affiliates as of and for the year ended June 30, 2013, and have issued our report thereon, dated November 14, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information as of and for the year ended June 30, 2013, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended June 30, 2013 is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information as of and for the year ended June 30, 2012, was audited by other auditors whose report, dated October 10, 2012, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

KraftCPAs PLLC

Nashville, Tennessee
November 14, 2013

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATING BALANCE SHEETS

JUNE 30, 2013

	Hospital	NCPS	NCF	NCSS	NHN	Total	Elimination	Total Consolidated
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 2,538,309	\$ -	\$ 336,161	\$ 4,116	\$ 4,660	\$ 2,883,246	\$ -	\$ 2,883,246
Short-term investments	6,167,493	-	-	-	-	6,167,493	-	6,167,493
Patient accounts receivable, less allowance for doubtful accounts of \$5,532,288	14,177,005	2,197,202	-	(840)	-	16,373,367	-	16,373,367
Due from affiliates	16,591,776	-	-	-	-	16,591,776	(16,591,776)	-
Other receivables	1,137,807	50,056	6,500	-	-	1,194,363	-	1,194,363
Current maturities of notes receivable	32,547	-	-	-	-	32,547	-	32,547
Inventories	1,322,967	168,662	-	-	-	1,491,629	-	1,491,629
Prepaid expenses	906,705	80,126	-	-	-	986,831	-	986,831
TOTAL CURRENT ASSETS	42,874,609	2,496,046	342,661	3,276	4,660	45,721,252	(16,591,776)	29,129,476
Property and equipment, net	37,229,907	145,741	28,430	8,715	-	37,412,793	-	37,412,793
Loan costs, net of accumulated amortization of \$152,769	1,630,957	-	-	-	-	1,630,957	-	1,630,957
Notes receivable, excluding current maturities	495,534	-	-	-	-	495,534	-	495,534
Investments	4,678,412	-	-	-	-	4,678,412	-	4,678,412
TOTAL ASSETS	\$ 86,909,419	\$ 2,641,787	\$ 371,091	\$ 11,991	\$ 4,660	\$ 89,938,948	\$ (16,591,776)	\$ 73,347,172
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current maturities of long-term debt	\$ 2,075,600	\$ -	\$ -	\$ -	\$ -	\$ 2,075,600	\$ -	\$ 2,075,600
Current maturities of capital lease obligations	1,188,889	-	-	-	-	1,188,889	-	1,188,889
Accounts payable	1,092,380	313,557	15,151	8,932	-	1,430,020	-	1,430,020
Estimated third-party payor settlements	622,279	-	-	-	-	622,279	-	622,279
Accrued expenses	4,888,549	686,906	11,065	-	-	5,586,520	-	5,586,520
Due to affiliates	-	16,258,151	333,325	300	-	16,591,776	(16,591,776)	-
TOTAL CURRENT LIABILITIES	9,867,697	17,258,614	359,541	9,232	-	27,495,084	(16,591,776)	10,903,308
Fair value of interest rate swap agreement	5,005,282	-	-	-	-	5,005,282	-	5,005,282
Long-term debt, less current maturities	39,125,400	-	-	-	-	39,125,400	-	39,125,400
Capital lease obligations, less current maturities	2,424,753	-	-	-	-	2,424,753	-	2,424,753
TOTAL LIABILITIES	56,423,132	17,258,614	359,541	9,232	-	74,050,519	(16,591,776)	57,458,743
Unrestricted net assets (deficit)	30,486,287	(14,616,827)	11,550	2,759	4,660	15,888,429	-	15,888,429
TOTAL LIABILITIES AND NET ASSETS	\$ 86,909,419	\$ 2,641,787	\$ 371,091	\$ 11,991	\$ 4,660	\$ 89,938,948	\$ (16,591,776)	\$ 73,347,172

See accompanying notes to consolidated financial statements

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATING BALANCE SHEETS

JUNE 30, 2012

	<u>Hospital</u>	<u>NCPS</u>	<u>NCF</u>	<u>NCSS</u>	<u>NHN</u>	<u>Total</u>	<u>Elimination</u>	<u>Total Consolidated</u>
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 2,991,126	\$ 1,430	\$ 361,145	\$ 4,116	\$ -	\$ 3,357,817	\$ -	\$ 3,357,817
Short-term investments	2,500,000	-	-	-	-	2,500,000	-	2,500,000
Patient accounts receivable, less allowance for doubtful accounts of \$4,762,907	11,730,726	1,796,268	-	(840)	-	13,526,154	-	13,526,154
Due from affiliates	14,134,361	-	-	-	-	14,134,361	(14,134,361)	-
Other receivables	131,572	110,689	-	-	-	242,261	-	242,261
Current maturities of notes receivable	66,507	-	-	-	-	66,507	-	66,507
Inventories	1,323,406	132,532	-	-	-	1,455,938	-	1,455,938
Prepaid expenses	695,149	37,208	-	-	-	732,357	-	732,357
TOTAL CURRENT ASSETS	33,572,847	2,078,127	361,145	3,276	-	36,015,395	(14,134,361)	21,881,034
Property and equipment, net	36,223,485	258,291	32,221	8,715	-	36,522,712	-	36,522,712
Loan costs, net of accumulated amortization of \$73,532	1,710,194	-	-	-	-	1,710,194	-	1,710,194
Notes receivable, excluding current maturities	288,497	-	-	-	-	288,497	-	288,497
Investments	14,792,330	-	-	-	-	14,792,330	-	14,792,330
TOTAL ASSETS	\$ 86,587,353	\$ 2,336,418	\$ 393,366	\$ 11,991	\$ -	\$ 89,329,128	\$ (14,134,361)	\$ 75,194,767
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current maturities of long-term debt	\$ 1,507,400	\$ -	\$ -	\$ -	\$ -	\$ 1,507,400	\$ -	\$ 1,507,400
Current maturities of capital lease obligations	923,169	-	-	-	-	923,169	-	923,169
Accounts payable	1,172,118	170,190	5,461	8,932	-	1,356,701	-	1,356,701
Estimated third-party payor settlements	594,240	-	-	-	-	594,240	-	594,240
Accrued expenses	4,860,002	614,994	39,346	-	-	5,514,342	-	5,514,342
Due to affiliates	-	13,804,125	329,936	300	-	14,134,361	(14,134,361)	-
TOTAL CURRENT LIABILITIES	9,056,929	14,589,309	374,743	9,232	-	24,030,213	(14,134,361)	9,895,852
Fair value of interest rate swap agreement	7,213,291	-	-	-	-	7,213,291	-	7,213,291
Long-term debt, less current maturities	40,574,600	-	-	-	-	40,574,600	-	40,574,600
Capital lease obligations, less current maturities	1,464,366	-	-	-	-	1,464,366	-	1,464,366
TOTAL LIABILITIES	58,309,186	14,589,309	374,743	9,232	-	73,282,470	(14,134,361)	59,148,109
Unrestricted net assets (deficit)	28,278,167	(12,252,891)	18,623	2,759	-	16,046,658	-	16,046,658
TOTAL LIABILITIES AND NET ASSETS	\$ 86,587,353	\$ 2,336,418	\$ 393,366	\$ 11,991	\$ -	\$ 89,329,128	\$ (14,134,361)	\$ 75,194,767

See accompanying notes to consolidated financial statements

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

YEAR ENDED JUNE 30, 2013

	Hospital	NCPS	NCF	NCSS	NHN	Total	Elimination	Total Consolidated
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT								
Patient service revenue, net of contractual adjustments and discounts	\$ 74,369,656	\$ 10,693,076	\$ -	\$ -	\$ -	\$ 85,062,732	\$ -	\$ 85,062,732
Less provision for bad debts	(11,560,125)	(345,034)	-	-	-	(11,905,159)	-	(11,905,159)
Net patient service revenue	62,809,531	10,348,042	-	-	-	73,157,573	-	73,157,573
Other revenue	2,835,642	652,797	335,268	-	33,978	3,857,685	(448,381)	3,409,304
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	65,645,173	11,000,839	335,268	-	33,978	77,015,258	(448,381)	76,566,877
EXPENSES								
Salaries and benefits	33,697,587	9,569,340	149,741	-	-	43,416,668	-	43,416,668
Supplies and other expenses	19,634,697	2,393,136	103,251	-	24,068	22,155,152	(448,381)	21,706,771
Purchased services	6,976,462	1,237,535	85,557	-	5,250	8,304,804	-	8,304,804
Depreciation and amortization	3,992,252	164,764	3,792	-	-	4,160,808	-	4,160,808
Interest expense	2,144,851	-	-	-	-	2,144,851	-	2,144,851
TOTAL EXPENSES	66,445,849	13,364,775	342,341	-	29,318	80,182,283	(448,381)	79,733,902
OPERATING INCOME (LOSS)	(800,676)	(2,363,936)	(7,073)	-	4,660	(3,167,025)	-	(3,167,025)
NONOPERATING REVENUES (EXPENSES)								
Contributions	367,543	-	-	-	-	367,543	-	367,543
Investment income	705,632	-	-	-	-	705,632	-	705,632
TOTAL NONOPERATING REVENUES	1,073,175	-	-	-	-	1,073,175	-	1,073,175
EXCESS (DEFICIENCY) OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	272,499	(2,363,936)	(7,073)	-	4,660	(2,093,850)	-	(2,093,850)
Change in unrealized gains (losses) on investments	(272,388)	-	-	-	-	(272,388)	-	(272,388)
Change in fair value of interest rate swap agreement	2,208,009	-	-	-	-	2,208,009	-	2,208,009
CHANGE IN UNRESTRICTED NET ASSETS	2,208,120	(2,363,936)	(7,073)	-	4,660	(158,229)	-	(158,229)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	28,278,167	(12,252,891)	18,623	2,759	-	16,046,658	-	16,046,658
NET ASSETS (DEFICIT) - END OF YEAR	\$ 30,486,287	\$ (14,616,827)	\$ 11,550	\$ 2,759	\$ 4,660	\$ 15,888,429	\$ -	\$ 15,888,429

See accompanying notes to consolidated financial statements

NORTHCREST MEDICAL CENTER AND AFFILIATES

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

YEAR ENDED JUNE 30, 2012

	Hospital	NCPS	NCF	NCSS	NHN	Total	Elimination	Total Consolidated
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT								
Patient service revenue, net of contractual adjustments and discounts	\$ 72,205,052	\$ 9,810,088	\$ -	\$ -	\$ -	\$ 82,015,140	\$ -	\$ 82,015,140
Less provision for bad debts	(9,306,696)	(275,606)	-	-	-	(9,582,302)	-	(9,582,302)
Net patient service revenue	62,898,356	9,534,482	-	-	-	72,432,838	-	72,432,838
Other revenue	4,056,918	597,922	349,976	-	-	5,004,816	(69,370)	4,935,446
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	66,955,274	10,132,404	349,976	-	-	77,437,654	(69,370)	77,368,284
EXPENSES								
Salaries and benefits	33,677,898	8,832,481	143,526	-	-	42,653,905	-	42,653,905
Supplies and other expenses	18,721,180	1,979,677	136,446	-	-	20,837,303	(69,370)	20,767,933
Purchased services	6,593,473	926,319	89,454	-	-	7,609,246	-	7,609,246
Depreciation and amortization	4,176,901	211,602	3,072	-	-	4,391,575	-	4,391,575
Interest expense	2,156,336	-	-	-	-	2,156,336	-	2,156,336
TOTAL EXPENSES	65,325,788	11,950,079	372,498	-	-	77,648,365	(69,370)	77,578,995
OPERATING INCOME (LOSS)	1,629,486	(1,817,675)	(22,522)	-	-	(210,711)	-	(210,711)
NONOPERATING REVENUES (EXPENSES)								
Contributions	415,283	-	-	-	-	415,283	-	415,283
Investment income	570,975	-	4,382	-	-	575,357	-	575,357
TOTAL NONOPERATING REVENUES	986,258	-	4,382	-	-	990,640	-	990,640
EXCESS (DEFICIENCY) OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	2,615,744	(1,817,675)	(18,140)	-	-	779,929	-	779,929
Change in unrealized gains (losses) on investments	(257,121)	-	-	-	-	(257,121)	-	(257,121)
Change in fair value of interest rate swap agreement	(3,306,330)	-	-	-	-	(3,306,330)	-	(3,306,330)
DECREASE IN UNRESTRICTED NET ASSETS	(947,707)	(1,817,675)	(18,140)	-	-	(2,783,522)	-	(2,783,522)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	29,225,874	(10,435,216)	36,763	2,759	-	18,830,180	-	18,830,180
NET ASSETS (DEFICIT) - END OF YEAR	\$ 28,278,167	\$ (12,252,891)	\$ 18,623	\$ 2,759	\$ -	\$ 16,046,658	\$ -	\$ 16,046,658

See accompanying notes to consolidated financial statements