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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
CULLMAN REGIONAL MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1912 ALABAMA HIGHWAY 157

City or town, state or country, and ZIP + 4
CULLMAN, AL 35058

D Employer identification number
63-1058174

E Telephone number
(256) 737-2598

G Gross receipts $ 95,060,045

F Name and address of principal officer
JIM WEIDNER CEO
1912 ALABAMA HIGHWAY 157
CULLMAN,AL 35058

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

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

H(c) Group exemption number ▶

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

J Website: ▶ CRMCHOSPITAL COM

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

L Year of formation 1939

M State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
CULLMAN REGIONAL MEDICAL CENTER, LICENSED FOR 145 BEDS, OPERATES A 115-BED GENERAL ACUTE CARE HOSPITAL FOR THE COMMUNITY OF CULLMAN, ALABAMA AND SURROUNDING AREAS REGARDLESS OF A PATIENT'S ABILITY TO PAY

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,159
6	Total number of volunteers (estimate if necessary)	**6**	58
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,180,603
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	65,152

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	899,159	714,318
9	Program service revenue (Part VIII, line 2g)	86,348,609	88,112,173
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,430,535	347,428
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,599,750	5,063,637
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	94,278,053	94,237,556
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	75,004	74,177
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	47,975,187	45,592,056
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	48,051,373	47,868,267
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	96,101,564	93,534,500
19	Revenue less expenses Subtract line 18 from line 12	-1,823,511	703,056
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	98,326,482	100,396,208
21	Total liabilities (Part X, line 26)	97,809,827	86,250,051
22	Net assets or fund balances Subtract line 21 from line 20	516,655	14,146,157

Part II Signature Block

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

Sign Here

****** | 2014-05-15
Signature of officer | Date

NESHA DONALDSON CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
JACQUELINE G ATKINS		2014-02-26		

Firm's name ▶ DRAFFIN & TUCKER LLP | Firm's EIN ▶

Firm's address ▶ PO BOX 71309
ALBANY, GA 317081309 | Phone no (229) 883-7878

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

CULLMAN REGIONAL MEDICAL CENTER, LICENSED FOR 145 BEDS, OPERATES A 115-BED GENERAL ACUTE CARE HOSPITAL FOR THE COMMUNITY OF CULLMAN, ALABAMA AND SURROUNDING AREAS REGARDLESS OF A PATIENT'S ABILITY TO PAY

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 80,978,351 including grants of $ 74,177) (Revenue $ 90,975,919)

CRMC PROVIDES ACUTE CARE PATIENT SERVICES WHICH ARE RENDERED TO ALL MEMBERS OF THE COMMUNITY REGARDLESS OF THEIR ABILITY TO PAY CRMC USES CHARITY APPLICATIONS BASED UPON FEDERAL POVERTY GUIDELINES AND FAMILY SIZE TO DETERMINE ELIGIBILITY FOLLOWING SERVICES PROVIDED CRMC PROVIDES CARE 24 HOURS PER DAY, SEVEN DAYS A WEEK AND HAS PROVIDED 23,325 INPATIENT DAYS CARE, 6% WERE NOT COVERED BY ANY GOVERNMENTAL OR PRIVATE INSURANCE PLAN, 44,961 EMERGENCY ROOM VISITS, 21% WERE NOT COVERED BY ANY GOVERNMENTAL OR PRIVATE INSURANCE PLAN, AND 91,950 OUTPATIENT VISITS, 5% NOT COVERED BY ANY GOVERNMENTAL OR PRIVATE INSURANCE PLAN THE TOTAL UNREIMBUSED COST OF MEDICAL SERVICES PROVIDED TO THOSE NOT COVERED BY ANY GOVERNMENTAL OR PRIVATE INSURANCE PLAN IS REPORTED ON SCHEDULE H CRMC ALSO PROVIDES COMMUNITY EDUCATION AND WELLNESS ACTIVITIES TO THE COMMUNITY AND IS A MAJOR CONTRIBUTOR TO A LOCAL INDIGENT CLINIC SERVICING CULLMAN COUNTY

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

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

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

4e **Total program service expenses** ▶ 80,978,351

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	207		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,159		
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		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
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**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

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 ▶NESHA DONALDSON 1912 ALABAMA HWY 157 CULLMAN, AL (256) 737-2598

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JIM WEIDNER CEO	40 00 1 00	X		X				289,952	0	18,174
(2) DAVID MCKOY PAST CHAIRMA	2 00	X						0	0	0
(3) TODD MCLEROY CHAIRMAN	2 00	X		X				0	0	0
(4) HOYT BROWNIE PRICE MD MEMBER	2 00	X						0	0	0
(5) ALAN WOOD VICE CHAIRMA	2 00	X		X				0	0	0
(6) R CLYNE ADAMS DMD MEMBER	2 00	X						0	0	0
(7) CLINT FREY MEMBER	2 00	X						0	0	0
(8) DEL BROCK MEMBER	2 00	X						0	0	0
(9) ROBIN HALL MD MEMBER	2 00	X						0	0	0
(10) STEPHEN DONALDSON MEMBER	2 00	X						0	0	0
(11) JUDY BUTLER TREASURER	2 00	X		X				0	0	0
(12) ROGER HUMPHREY SECRETARY	2 00	X		X				0	0	0
(13) VINCE BERGQUIST MD MEMBER	2 00	X						0	0	0
(14) GREG BARKSDALE MEMBER	2 00	X						0	0	0
(15) CHERYL BAILEY CNO	40 00			X				130,956	0	3,811
(16) NESHA DONALDSON CFO	40 00 1 00			X				109,523	0	3,202
(17) SUSAN JOHNSON FORMER HOSPI	40 00					X		121,875	0	727

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	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) SUSAN COPELAND VP-AMB	40 00					X		114,180	0	7,481
(19) STACEY HILL PHARMACY DIR	40 00					X		113,063	0	13,498
(20) JERIMAH DAVIS DIV DIRECTOR	40 00					X		111,526	0	12,501
(21) TERESA AARON PHARMACIST	40 00					X		110,851	0	12,413
(22) JETE EDMISSON FORMER CFO	0 00 0 00						X	104,996	0	5,792

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	1,206,922		77,599

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 ▶ 15

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CULLMAN ANESTHESIOLOGY & PAIN CONSUL PO BOX 1005 CULLMAN AL 350561005	CRNA SVCS	1,824,921
MEDASSETS P O BOX 405652 ATLANTA GA 303845652	BUS OFC SVCS	1,629,114
CROTHALL HEALTHCARE INC 13028 COLLECTION CENTER DRIVE CHICAGO IL 60693	ENVIRONMENTAL S	671,554
HUNTSVILLE HOSPITAL 109 GOVERNORS DRIVE SW HUNTSVILLE AL 35801	BUS OFC SVCS	467,789
DIVERSIFIED CLINICAL SERVICES P O BOX 636981 CINCINNATI OH 452636981	WOUND CARE SVC	445,497

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 ▶ 27

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	377,566			
	e	Government grants (contributions)	1e	248,674			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	88,078			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			714,318			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUES	623000	86,931,570	86,931,570		
	b	OUTREACH LAB SERVICES	621500	670,784		670,784	
	c	CPAP MEDICAL EQUIPMENT	621990	433,388		433,388	
	d	CONFERENCE CENTER	532000	47,063		47,063	
	e	SPORTS FIRST	713940	29,368		29,368	
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			88,112,173			
	3	Investment income (including dividends, interest, and other similar amounts)			1,036,290		1,036,290
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	227,445	411,356			
	b	Less rental expenses					
	c	Rental income or (loss)	227,445	411,356			
	d	Net rental income or (loss)			638,801	411,356		227,445
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		133,627			
	b	Less cost or other basis and sales expenses		822,489			
	c	Gain or (loss)		-688,862			
	d	Net gain or (loss)			-688,862			-688,862
Other Revenue	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	EMS MANAGEMENT FEES	621910	2,752,076	2,752,076		
	b	CAFETERIA/CATERING	561000	572,473			572,473
	c	COMMUNITY SERVICE/EDUCATION	713940	431,346	431,346		
	d	All other revenue		668,941	449,571		219,370
	e	**Total.** Add lines 11a–11d		4,424,836			
	12	**Total revenue.** See Instructions		94,237,556	90,975,919	1,180,603	1,366,716

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	74,177	74,177		
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	555,618		555,618	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	110,788		110,788	
7 Other salaries and wages	34,709,293	31,454,182	3,255,111	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,658,811	1,490,292	168,519	
9 Other employee benefits	5,897,496	5,261,633	635,863	
10 Payroll taxes	2,660,050	2,367,178	292,872	
11 Fees for services (non-employees)				
a Management	2,659,782	2,210,501	449,281	
b Legal	612,540	47,706	564,834	
c Accounting	148,476		148,476	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	113,277		113,277	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	9,851,166	8,145,560	1,705,606	
12 Advertising and promotion	160,199	890	159,309	
13 Office expenses	10,835,592	9,147,365	1,688,227	
14 Information technology	68,829		68,829	
15 Royalties . .				
16 Occupancy	6,543,641	6,194,211	349,430	
17 Travel	434,575	417,352	17,223	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	35,880	12,665	23,215	
20 Interest	1,876		1,876	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,602,300	4,356,537	245,763	
23 Insurance	641,818	641,818		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES	8,765,472	8,765,472		
b REPAIRS AND MAINT	2,099,936	385,323	1,714,613	
c DUES AND SUBSCRIPTIONS	122,343		122,343	
d TAXES AND LICENSE	107,077		107,077	
e All other expenses	63,488	5,489	57,999	
25 **Total functional expenses.** Add lines 1 through 24e	93,534,500	80,978,351	12,556,149	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		3,877,620	1	7,504,453
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		13,849,345	4	10,581,800
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	390,565
	8	Inventories for sale or use		928,471	8	1,059,085
	9	Prepaid expenses and deferred charges		626,132	9	618,992
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 103,768,290			
	b	Less accumulated depreciation	10b 67,303,122	37,488,871	10c	36,465,168
	11	Investments—publicly traded securities		34,195,337	11	37,526,323
	12	Investments—other securities See Part IV, line 11		2,207,757	12	3,060,521
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,152,949	15	3,189,301
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		98,326,482	16	100,396,208
Liabilities	17	Accounts payable and accrued expenses		10,628,658	17	11,222,854
	18	Grants payable			18	
	19	Deferred revenue		25,950	19	36,128
	20	Tax-exempt bond liabilities		68,167,633	20	66,479,971
	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		233,184	23	255,754
	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		18,754,402	25	8,255,344
	26	**Total liabilities.** Add lines 17 through 25		97,809,827	26	86,250,051
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		516,655	27	14,146,157
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		516,655	33	14,146,157
	34	Total liabilities and net assets/fund balances		98,326,482	34	100,396,208

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	94,237,556
2	Total expenses (must equal Part IX, column (A), line 25)	2	93,534,500
3	Revenue less expenses Subtract line 2 from line 1	3	703,056
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	516,655
5	Net unrealized gains (losses) on investments	5	1,971,570
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	10,954,876
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	14,146,157

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

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

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

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

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

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

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

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

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

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,819,363		1,819,363
b Buildings		44,289,832	20,807,062	23,482,770
c Leasehold improvements		7,036,443	5,927,306	1,109,137
d Equipment		49,437,433	40,568,754	8,868,679
e Other		1,185,219		1,185,219
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				36,465,168

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
MINIMUM PENSION LIABILITY	5,642,894
ACCRUED INTEREST	1,785,888
INTERCOMPANY LIABILITY	826,562
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	8,255,344

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE AUTHORITY IS A TAX-EXEMPT ENTITY, THEREFORE, NO PROVISION FOR INCOME TAXES IS MADE IN THE FINANCIAL STATEMENTS THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION THAT HAS BEEN RECOGNIZED AS TAX-EXEMPT PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE HOSPITAL APPLIES ACCOUNTING POLICIES THAT PRESCRIBE WHEN TO RECOGNIZE AND HOW TO MEASURE THE FINANCIAL STATEMENT EFFECTS OF INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN ON ITS INCOME TAX RETURNS THESE RULES REQUIRE MANAGEMENT TO EVALUATE THE LIKELIHOOD THAT, UPON EXAMINATION BY THE RELEVANT TAXING JURISDICTIONS, THOSE INCOME TAX POSITIONS WOULD BE SUSTAINED BASED ON THAT EVALUATION, THE HOSPITAL ONLY RECOGNIZES THE MAXIMUM BENEFIT OF EACH INCOME TAX POSITION THAT IS MORE THAN 50% LIKELY OF BEING SUSTAINED TO THE EXTENT THAT ALL OR A PORTION OF THE BENEFITS OF AN INCOME TAX POSITION ARE NOT RECOGNIZED, A LIABILITY WOULD BE RECOGNIZED FOR THE UNRECOGNIZED BENEFITS, ALONG WITH ANY INTEREST AND PENALTIES THAT WOULD RESULT FROM DISALLOWANCE OF THE POSITION SHOULD ANY SUCH PENALTIES AND INTEREST BE INCURRED, THEY WOULD BE RECOGNIZED AS OPERATING EXPENSES BASED ON THE RESULTS OF MANAGEMENT'S EVALUATION, NO LIABILITY IS RECOGNIZED IN THE ACCOMPANYING BALANCE SHEET FOR UNRECOGNIZED INCOME TAX POSITIONS FURTHER, NO INTEREST OR PENALTIES HAVE BEEN ACCRUED OR CHARGED TO EXPENSE AS OF JUNE 30, 2013 AND 2012 OR FOR THE YEARS THEN ENDED THE HOSPITAL'S OPEN AUDIT PERIODS ARE FOR TAX YEARS ENDED 2010-2012

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	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)		1,604	1,772,388		1,772,388	1 890 %
b Medicaid (from Worksheet 3, column a)		17,749	8,512,884	4,375,302	4,137,582	4 420 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		19,353	10,285,272	4,375,302	5,909,970	6 320 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	25	5,113	484,204	3,840	480,364	0 510 %
f Health professions education (from Worksheet 5)	2		304		304	
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	2		13,560		13,560	0 010 %
j **Total.** Other Benefits	29	5,113	498,068	3,840	494,228	0 530 %
k **Total.** Add lines 7d and 7j	29	24,466	10,783,340	4,379,142	6,404,198	6 850 %

Part II **Community Building Activities** Complete this 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	1		56		56	
3	Community support	15	26,160	28,132	1,610	26,522	0 030 %
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**	16	26,160	28,188	1,610	26,578	0 030 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	24,871,805		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	35,566,731
6	Enter Medicare allowable costs of care relating to payments on line 5	6	35,960,446
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-393,715
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	HERITAGE DIAGNOSTICS	IMAGING SERVICES	21 000 %		79 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	CULLMAN REGIONAL MEDICAL CENTER 1912 ALABAMA HIGHWAY 157 CULLMAN,AL 35058 HTTP//CRMCHOSPITALCOM	X	X					X		HOSPICE, CLINICS & HOME HEALTH	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group CULLMAN REGIONAL MEDICAL CENTER

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 0% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 0% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☑ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
1

	Name and address	Type of Facility (describe)
1	HOSPICE OF CULLMAN COUNTY 1912 ALABAMA HIGHWAY 157 CULLMAN,AL 35058	HOSPICE
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

Identifier	ReturnReference	Explanation
OTHER TESTING METHODS FOR FREE OR DISCOUNTED CARE	PART I LINE 3C	FEDERAL POVERTY GUIDELINES 150 ARE USED TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE DISCOUNTED CARE WILL BE BASED ON MEDICARE REIMBURSEMENT
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE DATA REPORTED IN THIS AREA IS REPORTED AS INSTRUCTED BY CATHOLIC HEALTH ASSOCIATIONS A GUIDE FOR PLANNING AND REPORTING COMMUNITY BENEFITS 2008 SEE ALSO THE DESCRIPTION FOR PART III LINE 4

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	LINE 2 IS TAKEN DIRECTLY FROM THE INCOME STATEMENT AND REPRESENTS TOTAL BAD DEBT EXPENSED DURING THE FISCAL YEAR THE FOLLOWING IS AN EXCERPT FROM THE AUDITED FINANCIAL STATEMENTS THE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON THE EVALUATION OF THE OVERALL COLLECTIBILITY OF THE ACCOUNTS RECEIVABLE AS ACCOUNTS ARE KNOWN TO BE UNCOLLECTIBLE THE ACCOUNT IS CHARGED AGAINST THE ALLOWANCE
MEDICARE EXPLANATION	PART III LINE 8	THE HOSPITAL UTILIZES LYONS SOFTWARE FOR COST ACCOUNTING PURPOSES THE MEDICARE COST REPORT WAS USED TO GATHER INFORMATION RELATED TO MEDICARE CHARGES AND REIMBURSEMENT MEDICARE COST WAS CALCULATED BY ADDING DIRECT COSTS TO INDIRECT COSTS WHICH ARE ALLOCATIONS OF OVERHEAD DEPARTMENTS USING A REASONABLE STATISTICAL BASIS

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS FINANCIAL AID POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS FINANCIAL AID THEY ARE NOT REPORTED AS REVENUE
NEEDS ASSESSMENT	PART VI	THE HOSPITAL PARTICIPATES IN THE CULLMAN COUNTY HEALTH COALITION THIS ORGANIZATION COMPRISED OF VARIOUS HEALTH CARE PROVIDERS AND COMMUNITY LEADERS ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY AND STRIVES TO PROVIDE RESOURCES THAT BEST MEET THOSE NEEDS CRMC FILED A COMMUNITY HEALTH NEEDS ASSESSMENT AND IT IS AVAILIABLE ON THE HOSPITAL WEBSITE

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	THE HOSPITAL HAS CLEARLY WRITTEN FINANCIAL AID POLICIES THAT ARE AVAILABLE ON THE ORGANIZATION WEB SITE AND THROUGHOUT THE BUSINESS OFFICE SIGNS ARE PROMINENTLY POSTED IN THE ER ABOUT THE AVAILABILITY OF FINANCIAL AID A REPRESENTATIVE IS ALSO AVAILABLE TO DISCUSS ELIGIBILITY TO GOVERNMENT PROGRAMS THERE IS ALSO A MEDICAID KIOSK LOCATED IN THE ER WAITING ROOM
COMMUNITY INFORMATION	PART VI	THE HOSPITAL DRAWS PATIENTS PRINCIPALLY FROM CULLMAN COUNTY AND THE NEIGHBORING COUNTIES OF WALKER WINSTON MARSHALL MORGAN AND BLOUNT CRMC IS THE ONLY HOSPITAL IN ITS PRIMARY SERVICE AREA THE PRIMARY SERVICE AREA INCLUDES THE CITY OF CULLMAN POPULATION 15000 AND CULLMAN COUNTY POPULATION 81000 PER CAPITA INCOME FOR THIS AREA IS SLIGHTLY BELOW THE PER CAPITA INCOME FOR THE STATE OF ALABAMA CULLMAN IS SERVED BY I65 AND IS LOCATED BETWEEN HUNTSVILLE AND BIRMINGHAM

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THE ORGANIZATION AND ITS VOLUNTEER BOARDS ARE COMPOSED OF COMMUNITY MEMBERS WITH DIVERSE PROFESSIONAL AND COMMUNITY SERVICE BACKGROUNDS AS WELL AS PHYSICIAN MEMBERS THE EMERGENCY DEPARTMENT IS OPEN 24 HOURS PER DAY 7 DAYS PER WEEK AND IS OPEN TO ALL PERSONS REGARDLESS OF THEIR ABILITY TO PAY HOSPITAL EMPLOYEES IN CONJUNCTION WITH OUR LOCAL JUDGES HAVE DEVELOPED A TRAUMA PREVENTION PROGRAM THIS PROGRAM IS PROVIDED BY CRMC EMPLOYEES ON A VOLUNTARY BASIS OUR LOCAL JUDGES REFER TEENAGE DRIVING OFFENDERS TO THE PROGRAM TO TEACH THEM THE IMPORTANCE OF VEHICLE SAFETY WHILE THEY ARE HERE THEY ACTUALLY GET TO WITNESS THE VARIOUS STAGES OF A TRAUMA ACCIDENT FROM THE TIME THEY ARRIVE AT THE ER UNTIL THEY LEAVE THE HOSPITAL COMMUNITY BUILDING ACTIVITIES ALSO INCLUDE PROVIDING AMBULANCE SUPPORT FOR VARIOUS COMMUNITY ACTIVITIES AND PROVIDING COMMUNITY SUPPORT GROUPS THESE SUPPORT GROUPS ALZHEIMERS BREAST CANCER ETC PROMOTE THE PHYSICAL AND MENTAL HEALTH OF THE COMMUNITY THAT WE SERVE CRMC PROVIDES WOMENS FIRST AND SENIOR CHOICE PROGRAMS THE WOMENS FIRST PROGRAM OFFERS SEMINARS AND EDUCATION ON HEALTH AND LIFESTYLE ISSUES SUCH AS STRESS MANAGEMENT PMS MENOPAUSE AND HEART DISEASE IT ALSO GIVES DISCOUNT ADMISSION TO WORKSHOPS AND HEALTH SCREENINGS SENIOR CHOICE PROVIDES SERVICES TO PROMOTE EMOTIONAL SOCIAL AND PHYSICAL WELL BEING FOR COMMUNITY MEMBERS WHO ARE 50 AND OVER THESE PROGRAMS CURRENTLY HAVE 6974 MEMBERS CRMC ALSO PROVIDES A COMMUNITY EDUCATION CENTER WHICH OFFERS MEETING ROOMS AND CATERING SERVICES FOR LOCAL BUSINESSES CHURCHES CIVIC ORGANIZATIONS AND EDUCATIONAL GROUPS ALL OF OUR AMBULANCES ARE EQUIPPED WITH 12 LEAD EKG TECHNOLOGY WHICH TRANSMITS THE INFORMATION DIRECTLY TO THE EMERGENCY ROOM PHYSICIAN ALLOWING THEM TO GET THE INFORMATION WHILE THE PATIENT IS IN TRANSIT THIS PROGRAM HAS REDUCED THE TIME FROM DOOR TO ANGIOPLASTY BY GETTING THE CARDIOLOGY TEAM IN PLACE BEFORE THE PATIENT ARRIVES
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	ALABAMA

Identifier	ReturnReference	Explanation
CULLMAN REGIONAL MEDICAL CENTER LINE NUMBER 1 PART V LINE 3	PART V LINE 3	THE CULLMAN COUNTY COMMUNITY HEALTH COALITION CREATED A TARGETED LIST OF AREAS OF EXPERTISE IN THE COMMUNITY THAT WOULD PROVIDE VALUABLE INPUT EACH MEMBER OF THE COALITION WAS RESPONSIBLE FOR SUPPLYING AND COLLECTING SURVEYS TO THESE DIFFERENT AREAS IN THE COMMUNITY THESE AREAS WOULD HELP GENERATE INPUT FROM A VARIETY OF SOURCES THAT WOULD HELP GENERATE AN OVERALL VIEW OF THE HEALTH OF THE COMMUNITY THE GROUP ALSO CREATED BOTH A PRINTED SURVEY AND AN ONLINE ELECTRONIC SURVEY IN ORDER TO REACH MULTIPLE DEMOGRAPHICS THROUGHOUT THE COMMUNITY AFTER BOTH THE SURVEY DATA AND SECONDARY DATA WERE COMPILED DISCUSSION WAS CONDUCTED BY THE MEMBERS OF THE CULLMAN COUNTY COMMUNITY HEALTH COALITION IN ORDER TO COLLECT PRIMARY DATA ABOUT OUR COMMUNITY THE COMMUNITY HEALTH COALITION MEMBERS REPRESENT BOTH THE HEALTHCARE COMMUNITY AND THE COMMUNITY AT LARGE THEREFORE THIS GROUP SERVED AS THE FOCUS GROUP PORTION OF THE NEEDS ASSESSMENT PROCESS ONCE DATA COLLECTION WAS COMPLETE A DISCUSSION MEETING WAS HELD WITH SEVERAL KEY COALITION AND COMMUNITY MEMBERS TO DISCUSS THE FINDINGS AND OBTAIN THEIR ASSISTANCE IN SETTING PRIORITIES TO RESPOND TO NEEDS IN THE COMMUNITY FINALLY A LEADERSHIP COMMITTEE WITHIN CULLMAN REGIONAL MEDICAL CENTER MET TO PRIORITIZE THESE NEEDS EVEN FURTHER AND DETERMINE HOW CULLMAN REGIONAL CAN BEST PARTICIPATE IN HELPING TO MEET THE NEEDS OF THE COMMUNITY
CULLMAN REGIONAL MEDICAL CENTER LINE NUMBER 1 PART V LINE 12H	PART V LINE 12H	THE HOSPITAL HAS CLEARLY WRITTEN FINANCIAL AID POLICIES THAT ARE AVAILABLE ON THE ORGANIZATION WEB SITE AND THROUGH THE BUSINESS OFFICE SIGNS ARE PROMINENTLY POSTED IN THE ER ABOUT THE AVAILABILITY OF FINANCIAL AID A REPRESENTATIVE IS ALSO AVAILABLE TO DISCUSS ELIGIBILITY TO GOVERNMENT PROGRAMS

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

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) GOOD SAMARITAN CLINIC 401 ARNOLD ST NE CULLMAN,AL 35055	20-0149215	3	74,177				CURRENT OPERATIONS

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

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

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
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES	SCHEDULE I, PAGE 1, PART I, LINE 2	THE HOSPITAL CONTINUOUSLY EVALUATES COMMUNITY ORGANIZATIONS (AS IDENTIFIED IN PART II ABOVE) PROVIDING HEALTHCARE NEEDS TO THE MEDICALLY UNDERSERVED WHO ALSO ARE MOST LIKELY UNABLE TO PAY THE HOSPITAL EVALUATES THE NEEDS ON AN INDIVIDUAL BASIS BASED ON DOCUMENTED REQEUSTS FOR SERVICES PROVIDED

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)JIM WEIDNER CEO	(i)	289,281		671	8,337	9,837	308,126	
	(ii)							
(2)JETE EDMISSON FORMER CFO	(i)	104,785		211		5,792	110,788	
	(ii)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	SUSAN JOHNSON 40,830 0 0 JETE EDMISSON 104,785 0 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	JETE EDMISSION RECEIVED A SEVERANCE PACKAGE UPON TERMINATION IN ACCORDANCE WITH HIS CONTRACTUAL AGREEMENT

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HEALTH CARE AUTHORITY OF CULLMAN CT	63-1149220	230186AMO	12-03-2009	68,624,416	DEFEASE 1993/2007 BONDS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	3,323,953			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	68,624,416			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	61,819,381			
7	Issuance costs from proceeds	1,352,854			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds	5,452,182			
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2009			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

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	MERRILL LYNCH							
c	Term of hedge	26 0							
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?		X						

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE K	HEALTH CARE AUTHORITY OF CULLMAN CT THE ONLY BONDS ISSUED BY THE AUTHORITY FOR THE BENEFIT OF CRMC ARE THE 2009 BONDS WHICH WERE ISSUED DECEMBER 3 2009 A PORTION OF THE BONDS IS ALLOCABLE TO CAPITAL EQUIPMENT THE BOND FINANCED EQUIPMENTFINANCED BY CRMC AND THE AUTHORITY FOR USE AT A FREE STANDING RADIATION ONCOLOGY CENTER OPERATED BY CRMC THE BONDFINANCED EQUIPMENT WAS SOLD ON DECEMBER 31 2010 FOR CASH IN THE AMOUNT OF 800000 TO A NONGOVERNMENTAL PERSON THE SALE CONSTITUTES A DISPOSITION OF THE BONDFINANCED EQUIPMENT FOR PURPOSES OF THE CHANGE IN USE RULES WITHIN 2 YEARS OF THE SALE DATE THE AUTHORITY COMPLIED WITH THE REQUIREMENTS OF TREASURY REGULATION 114112E AND USED THE DISPOSITION PROCEEDS FOR ALTERNATE USES

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	COMMUNITY EDUCATION AND WELLNESS ACTIVITIES TO THE COMMUNITY AND IS A MAJOR CONTRIBUTOR TO A LOCAL INDIGENT CLINIC SERVICING CULLMAN COUNTY
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE HEALTH CARE AUTHORITY OF CULLMAN COUNTY IS THE SOLE MEMBER OF CULLMAN REGIONAL MEDICAL CENTER INC
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE HEALTH CARE AUTHORITY OF CULLMAN COUNTY APPOINTS THE VOTING MAJORITY OF THE ORGANIZATION'S BOARD AND CONTROLS THE OPERATIONS AS WELL
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	THE HEALTH CARE AUTHORITY OF CULLMAN COUNTY APPOINTS THE VOTING MAJORITY OF THE ORGANIZATION'S BOARD AND CONTROLS THE OPERATIONS OF THE ORGANIZATION
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	MANAGEMENT ASSISTS IN PREPARING SCHEDULES, REVIEWS THE ENTIRE DRAFT OF THE FORM 990 FOR CONTENT, AND RECOMMENDS CHANGES, IF ANY PRIOR TO FILING, THE FINANCE COMMITTEE, CFO, ATTORNEY AND ACCOUNTING DEPARTMENT REVIEW THE FORM THE FINAL FORM, AS IT IS ULTIMATELY FILED WITH ALL SCHEDULES AND ATTACHMENTS, IS POSTED TO THE BOARD WEBSITE PRIOR TO FILING AND AN E-MAIL ALERTS EACH VOTING MEMBER OF ITS AVAILABILITY
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ANNUALLY, BOARD MEMBERS, OFFICERS, AND DEPARTMENTAL DIRECTORS MUST IDENTIFY ANY CONFLICT, MANAGEMENT MONITORS AND MAY SUGGEST ANY AREAS OF CONFLICT THE BOARD CHAIRMAN OR ADMINISTRATION REVIEWS ACTUAL AND PERCEIVED CONFLICTS OF INTEREST IN THE EVENT OF A CONFLICT, THE MEMBER OR OFFICER WITH THE CONFLICT WILL DISMISS THEMSELVES FROM THE DISCUSSION AND ANY VOTES ON THE ISSUE
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	ANNUALLY THE BOARD (OR A COMMITTEE CHARGED WITH THE RESPONSIBILITY AND AUTHORITY TO DO SO ON BEHALF OF THE BOARD) REVIEWS THE COMPENSATION PACKAGE AND PROPOSED CONTRACT OF THE CEO THE REVIEW IS CONDUCTED BY INDEPENDENT BOARD MEMBERS, IS BASED UPON REVIEW OF COMPARABILITY DATA PROVIDED BY OUTSIDE CONSULTANTS, AND IS DOCUMENTED IN THE RECORDS OF THE BOARD REFLECTING THE BASIS OF THE DETERMINATION BY THE THE BOARD (OR AUTHORIZED COMMITTEE)
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	ANNUALLY THE CEO REVIEWS THE COMPENSATION PACKAGE OF THE CFO AND OTHER OFFICERS THE REVIEW UTILIZES A SALARY SCALE AND MATRIX ESTABLISHED BY CRMC'S HUMAN RESOURCE DEPARTMENT AND CONSIDERS THE ACCOMPLISHMENT OF KEY PERSONAL AND ORGANIZATIONAL GOALS COMPENSATION IS BASED ON YEARS OF EXPERIENCE IN THAT POSITION AND USES GUIDELINES FOR INHOUSE PROMOTIONS
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO ANY MEMBER OF THE PUBLIC WHO MAKES THEIR REQUEST AT THE ADMINISTRATIVE OFFICES OF THE ORGANIZATION
OTHER FEES FOR SERVICES	FORM 990, PART IX, LINE 11G	CONTRACT LABOR 11,806 44,660 0 MEDICAL PROFESSIONAL FEE 1,197,951 160,207 0 OUTSIDE SERVICE FEES 6,439,699 1,500,739 0 COLLECTION FEES 406,868 0 0 RECRUITING FEES 89,236 0 0
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 9	CHANGE IN VALUE OF INTEREST RATE SWAP 439,224 CHANGE IN PLAN ASSETS & PBO 9,662,888 CHANGE IN TEMP REST NET ASSETS OF AFFILIATE 941,212 CHANGE IN UNRESTRICTED ASSETS OF AFFILIATE -88,448 NET INCREASE IN NET ASSETS 10,954,876

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CULLMAN REGIONAL MEDICAL CENTER INC

Employer identification number
63-1058174

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

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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) CULLMAN REGIONAL MEDICAL CTR FNDN 1912 ALABAMA HIGHWAY 157 CULLMAN, AL 35056 63-0727880	FOUNDATION	AL	501C3	11C	NA		No
(2) HEALTH CARE AUTHORITY OF CULLMAN CO 1912 ALABAMA HIGHWAY 157 CULLMAN, AL 35058 63-1149220	AUTHORITY	AL	501C1	6	NA		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

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

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

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

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

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 63-1058174
Name: CULLMAN REGIONAL MEDICAL CENTER INC

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

CULLMAN, ALABAMA

FINANCIAL STATEMENTS

for the years ended June 30, 2013 and 2012

CONTENTS

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Member
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Health Care Authority of Cullman County
Cullman, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the Health Care Authority of Cullman County (a component unit of Cullman County, Alabama), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Continued

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 1 and Note 11 to the financial statements, in fiscal year 2013, the Authority adopted GASB Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. With the implementation of GASB 62, the Authority restated the 2012 financial statements to present the pension liability under GASB guidance. Our opinion is not modified with respect to that matter.

Continued

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussions and Analysis on pages 4 through 8 and the Schedule of Funding Progress for Defined Benefit Pension Plan on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013, on our consideration of the Health Care Authority of Cullman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Care Authority of Cullman County's internal control over financial reporting and compliance.

Daffin & Tucker, LLP

Atlanta, Georgia
October 25, 2013

CULLMAN
REGIONAL
MEDICAL
CENTER

1912 Alabama Highway 157
P.O. Box 1108 • Cullman, AL 35056-1108
256 737-2000
www.cmchospital.com

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

MANAGEMENT'S DISCUSSION AND ANALYSIS
for the year ending June 30, 2013

We are pleased to present the financial statements of the Health Care Authority of Cullman County (Authority). As described in the summary of significant accounting policies, operations of the Authority include Cullman Regional Medical Center, Inc. (CRMC) and Cullman Emergency Management Services (CEMS). Activities of these entities will be referred to interchangeably in this discussion.

The Authority made significant improvements in financial performance for fiscal year ending June 30, 2013, compared to the previous year. The combination of improved revenue cycle metrics, Sole Community Hospital designation from CMS, and aggressive cost control improved both the balance sheet and the income statement.

Included in the fiscal year ending June 30, 2013 was clean up of old accounts receivable (A/R) from 2009 and 2010 (totaling $1.7 million) and the negative impact of Sequestration cuts to Medicare (2% revenue cut) effective April 1, 2013. Excluding the extraordinary accounts receivable write-offs, CRMC performed solidly in the Investment Grade category for operating performance and liquidity ratios.

This discussion and analysis of the Health Care Authority of Cullman County and Cullman Regional Medical Center's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Authority's financial statements.

Continued

Table 1: Assets, Liabilities and Net Position (in Thousands)

	2013	2012
Assets:		
Current assets	$ 30,093	$ 29,864
Noncurrent cash and investments	33,488	30,573
Capital assets, net	41,217	46,138
Other noncurrent assets	10,176	8,958
Total assets	$ 114,974	$ 115,533
Liabilities:		
Current liabilities	$ 14,446	$ 17,276
Long-term liabilities	70,977	72,837
Total liabilities	$ 85,423	$ 90,113
Net position:		
Net investment in capital assets	$(15,846)	$(15,590)
Restricted by Foundation	3,233	2,013
Unrestricted	42,164	38,997
Total net position	$ 29,551	$ 25,420

Assets and Liabilities

Net patient accounts receivable decreased by $3.1 million, or 21.66%. Cash increased $4.7 million, or 81.47%. CRMC has made drastic improvements in the revenue cycle, resulting in a very positive impact on cash

The Woodland property was sold during the fiscal year. This caused a decrease in capital assets and a decrease in current liabilities of $3.5 million.

Implementation of GASB 62 required a retroactive adjustment to the 2012 net position. After the retroactive adjustment, accrued pension liability decreased by $87 thousand. CRMC funded $1.1 million.

Continued

Table 2: Operating Results and Changes in Net Position (in Thousands)

	2013	2012
Operating revenues:		
Net patient service revenue	$ 90,138	$ 87,763
Other operating revenue	3,038	4,396
Total operating revenues	93,176	92,159
Operating expenses:		
Salaries and benefits	45,592	47,975
Medical supplies and drugs	33,912	34,200
Depreciation and amortization	4,901	4,986
Other operating expenses	5,199	5,009
Total operating expenses	89,604	92,170
Operating income (loss)	3,572	(11)
Nonoperating revenues (expenses):		
Investment income	1,007	1,186
Interest expense	(4,571)	(4,754)
Other nonoperating revenues and expenses, net	2,940	(786)
Total nonoperating revenues (expenses)	(624)	(4,354)
Excess revenues (expenses)	2,948	(4,365)
Amortization of financial instrument	236	236
Other changes in plan assets and projected benefit obligation recognized in net position	-	(2,336)
Capital grants and contributions	-	1,155
Change in restrictions by Foundation	946	(748)
Change in net position	$ 4,130	$(6,058)

Continued

Operating Income (Loss)

Operating income for the year was $3.5 million. Net patient service revenue increased $2.4 million or 2.71%. Bad debt increased $2.1 million, of which, $1.7 million was clean up of bad debt from 2009 and 2010.

Salaries and wages decreased $1.9 million. This was due to a 22 FTE reduction in staffing from June 30, 2012 to June 30, 2013, and flexing the staff to coincide with volumes requirements. FTE decreases were caused by increased efficiencies and improved processes. Benefits also decreased $432,000

Nonoperating Revenues

Nonoperating revenues consisted of investment income, rental income and sales tax proceeds. It also included a gain from the change in value of the interest rate swap, an unrealized gain from investments, and noncapital grants and contributions.

The Authority's Cash Flow

The revenue cycle initiative has had a positive impact on our cash situation. At June 30, 2013, days cash on hand were a healthy 158, compared to 127 for June 30, 2012. Cash and cash equivalents increased $4.7 million during 2013.

Capital Assets and Debt Administration

At the end of 2013, the Authority had approximately $41.2 million invested in capital assets, net of accumulated depreciation. Purchases for FY 2013 included a lab information system, flouro room replacement, digital radio system for CEMS, cost accounting system, and new directional signage for the Hospital. It also included a Dosewatch System, which monitors the radiation exposure for patients, an important part of patient safety.

At year end, the Authority had approximately $64 million in bonds and notes payable. The Woodland property was sold to USA Healthcare during FY 2013, and reduced the debt $3.5 million.

Continued

Other Economic Factors

Cullman Regional Medical Center is well positioned for health reform. As the only acute care facility in Cullman County, it has a favorable market position. The addition of the Sole Community Hospital designation was a positive influence on the revenue cycle.

In May 2013, the Hospital employed two physician hospitalists and expect to increase this group in the future. They continue to see about 30% to 40% of inpatient admissions. This arrangement will help with documentation, meeting Meaningful Use requirements, and preparing for ICD-10 requirements. CRMC continues its clinical affiliation with UAB in the area of cardiology, and will be adding an employed cardiologist in October 2013. The Hospital is also beginning a telemedicine program in Neurology with physicians from Emory

Contacting the Authority's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Cullman Regional Medical Center, P. O. Box 1108, Cullman Alabama 35056-1108.

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,548,714	$ 5,813,077
Short-term investments	4,595,774	4,175,331
Patient accounts receivable, net of estimated uncollectibles of $9,427,000 in 2013 and $12,248,000 in 2012	11,381,612	14,528,632
Estimated third-party payor settlements	248,438	1,449,914
Supplies	1,059,085	928,470
Prepaid expenses	618,992	626,133
Other current assets	1,640,492	2,342,936
Total current assets	30,093,107	29,864,493
Noncurrent cash and investments:		
Internally designated for capital improvements	27,555,219	24,466,172
Held by trustee under indenture agreement	5,814,438	5,819,056
Internally designated for self-insurance	118,494	287,995
Total noncurrent cash and investments	33,488,151	30,573,223
Capital assets:		
Land	2,619,363	2,797,443
Construction-in-progress	1,185,219	1,469,159
Depreciable capital assets, net of accumulated depreciation	37,412,422	41,871,134
Total capital assets, net of accumulated depreciation	41,217,004	46,137,736
Other assets:		
Goodwill and intangibles	5,391,276	5,391,276
Unamortized bond issue costs	1,156,113	1,207,495
Other assets	3,628,677	2,359,228
Total other assets	10,176,066	8,957,999
Total assets	$ 114,974,328	$ 115,533,451

	2013	Restated 2012
LIABILITIES AND NET POSITION		
Current liabilities:		
Current maturities of long-term debt	$ 1,401,050	$ 4,794,439
Accounts payable	4,103,065	3,887,780
Accrued expenses	3,151,609	2,894,538
Accrued salaries and benefits	3,968,180	3,846,339
Accrued interest	1,785,888	1,827,329
Deferred revenue	36,128	25,951
Total current liabilities	14,445,920	17,276,376
Long-term debt, net of current maturities	62,554,583	63,887,063
Accrued pension	5,642,894	5,730,211
Derivative financial instruments	2,780,091	3,219,314
Total liabilities	85,423,488	90,112,964
Net position:		
Net investment in capital assets	(15,846,016)	(15,589,771)
Restricted	3,232,668	2,013,056
Unrestricted	42,164,188	38,997,202
Net position	29,550,840	25,420,487
Total liabilities and net position	$ 114,974,328	$ 115,533,451

See accompanying notes and auditor's report.

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
for the years ended June 30, 2013 and 2012

	2013	Restated 2012
Operating revenues:		
Net patient service revenue (net of provision for bad debts of $25,472,000 in 2013 and $23,295,000 in 2012)	$ 90,137,874	$ 87,763,378
Other revenue	3,038,451	4,395,513
Total operating revenues	93,176,325	92,158,891
Operating expenses:		
Salaries and wages	35,344,720	37,295,917
Employee benefits	10,247,335	10,679,268
Professional fees	2,071,469	1,756,603
Supplies and other	33,912,287	34,199,791
Lease expense	3,127,559	3,253,108
Depreciation and amortization	4,901,159	4,985,662
Total operating expenses	89,604,529	92,170,349
Operating income (loss)	3,571,796	(11,458)
Nonoperating revenues (expenses):		
Investment income	1,007,333	1,186,261
Unrealized gain (loss)	1,971,570	(1,399,133)
Interest	(4,571,045)	(4,754,186)
Rental income	227,445	280,215
Gain (loss) on sale or disposal of fixed assets	(787,034)	190,731
Tobacco taxes	57,040	70,352
Sales tax proceeds	433,333	366,667
Change in fair value of interest rate swap	203,147	(534,213)
Noncapital grants and contributions	833,959	239,912
Total nonoperating expenses	(624,252)	(4,353,394)
Excess revenues (expenses)	2,947,544	(4,364,852)

Continued

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION, Continued
for the years ended June 30, 2013 and 2012

	2013	Restated 2012
Amortization of financial instrument	$ 236,077	$ 236,077
Other changes in plan assets and projected benefit obligation recognized in net position	-	(2,336,396)
Capital grants and contributions	-	1,155,002
Change in restrictions by Foundation	946,732	(747,518)
Change in net position	4,130,353	(6,057,687)
Net position, beginning of year, originally reported	25,420,487	21,815,286
Prior period adjustment	-	9,662,888
Net position, beginning of year, restated	25,420,487	31,478,174
Net position, end of year	$ 29,550,840	$ 25,420,487

See accompanying notes and auditor's report.

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

STATEMENTS OF CASH FLOWS
for the years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 97,524,821	$ 94,917,373
Payments to suppliers and contractors	(38,821,062)	(37,960,810)
Payments to employees	(45,244,407)	(48,263,246)
Net cash provided by operating activities	13,459,352	8,693,317
Cash flows from noncapital financing activities:		
Tax proceeds received	490,373	437,019
Proceeds from short-term debt	3,405,906	6,514,848
Principal paid on short-term debt	(3,405,906)	(6,514,848)
Interest paid on short-term debt	(343)	(12,793)
Rental income	227,445	280,215
Proceeds from noncapital grants and contributions	927,927	286,446
Net cash provided by noncapital financing activities	1,645,402	990,887
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(4,868,825)	(1,290,999)
Interest paid on long-term debt	(4,570,702)	(4,741,393)
Proceeds from disposal of property and equipment	3,413,624	1,100,030
Purchase of property and equipment	(3,989,361)	(3,479,402)
Proceeds from capital grants and contributions	-	1,155,002
Net cash used by capital and related financing activities	(10,015,264)	(7,256,762)

Continued

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

STATEMENTS OF CASH FLOWS, Continued
for the years ended June 30, 2013 and 2012

	2013	2012
Cash flows from investing activities:		
Investment income	$ 1,007,333	$ 1,186,261
Purchase of long-term investments	(15,069,870)	(6,612,731)
Sale of long-term investments	13,708,684	5,858,142
Net cash provided (used) by investing activities	(353,853)	431,672
Increase in cash and cash equivalents	4,735,637	2,859,114
Cash and cash equivalents at beginning of year	5,813,077	2,953,963
Cash and cash equivalents at end of year	$ 10,548,714	$ 5,813,077
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	$ 3,571,796	$(11,458)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,901,159	4,985,662
Net periodic pension costs	1,012,683	707,682
Provision for bad debts	25,472,376	23,295,062
Change in operating assets and liabilities:		
Patient accounts receivable	(22,325,356)	(19,209,752)
Estimated third-party payor settlements	1,201,476	(1,326,828)
Prepaid expenses	7,141	(83,133)
Supplies	(130,615)	(119,987)
Other current assets	702,444	1,215,189
Other assets	(416,685)	174,028
Accounts payable	215,285	354,913
Accrued expenses and deferred revenues	347,648	(288,061)
Accrued pension	(1,100,000)	(1,000,000)
Net cash provided by operating activities	$ 13,459,352	$ 8,693,317

See Note 4 for noncash activity related to unrealized gains and losses.

See accompanying notes and auditor's report.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity

The Health Care Authority of Cullman County was reincorporated on November 15, 1984 under the Alabama Health Care Authority Act of 1982 pursuant to the provision of Act Number 82-418 as a public hospital corporation. It was created by the Board of County Commissioners of Cullman County, Alabama, to operate, control, and manage all matters concerning the County's health care functions. The Board of County Commissioners appoints the Board of Director members of the Authority, and the Authority, within the definitions of the Health Care Authority Act, may issue debt but it cannot levy taxes without the County's approval. For this reason, the Authority is considered to be a component unit of Cullman County.

Cullman Regional Medical Center (Hospital), a blended component unit of the Authority, is an Alabama not-for-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code to operate as an acute care hospital. The Authority appoints the voting majority of the Hospital Board and controls the operations of the Hospital.

The Authority and Baptist Health Systems, Inc. (BHS) organized Cullman Regional Medical Center to construct and operate a 115-bed general acute care hospital in Cullman, Alabama. The Authority and BHS were equal members in the Hospital. On December 1, 2005, the Authority purchased BHS's share of the Hospital and is now the sole member. The Authority also operates Cullman Emergency Management Services (CEMS), an ambulance service covering the Cullman County area.

All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

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

Continued

1. Summary of Significant Accounting Policies, Continued

Accounting

The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

New Accounting Pronouncements

The GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment to GASB 14 and 34*, in November 2010. GASB Statement No. 61 provides guidance on information presented about the financial reporting entity and its component units and amends the criteria for blending in certain circumstances The Authority adopted this GASB Statement in fiscal year 2013. The Authority's adoption of the guidance did not have a material effect on the financial statements.

The GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* in December 2010. GASB Statement No. 62 superseded previous guidance contained in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Funds Accounting.* GASB Statement No. 62 incorporates FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA, issued on or before November 30, 1989, which do not conflict or contradict with GASB pronouncements into the GASB authoritative literature. The Authority adopted this GASB Statement in fiscal year 2013 The impact of adopting this standard is that the unrealized gains and losses on other than trading securities is now classified in nonoperating revenues and expenses on the statement of revenues, expenses and changes in net position. This standard also resulted in a prior period adjustment for the accrued pension liability (see Note 11).

The GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in June 2011. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. The Authority adopted this GASB Statement in fiscal year 2013. The Authority's adoption of the guidance did not have a material effect on the financial statements.

Continued

1. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less. Cash and cash equivalents exclude amounts held by trustee under indenture agreement.

The Authority routinely invests its surplus operating funds in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

Noncurrent Cash and Investments

Noncurrent cash and investments primarily include assets held by trustees under indenture agreements and designated assets set aside by the Authority's Board of Directors for future capital improvements and self-insurance, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Authority have been reclassified in the balance sheet at June 30, 2013 and 2012.

Allowance for Doubtful Accounts

The Hospital provides an allowance for doubtful accounts based on the evaluation of the overall collectibility of the accounts receivable. As accounts are known to be uncollectible, the account is charged against the allowance.

Supplies

Supplies are stated at the lower of cost or market value, using the first-in, first-out method.

Continued

1. Summary of Significant Accounting Policies, Continued

Capital Assets

The Authority's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land and construction-in-progress are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives as determined by AHA Guidelines.

Land improvements	15 to 20 Years
Buildings and building improvements	20 to 40 Years
Equipment, computers, and furniture	3 to 7 Years

Costs of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. None of the Authority's interest cost was capitalized in 2013 or 2012.

Deferred Financing Cost

Costs related to the issuance of long-term debt were deferred and are being amortized using the straight-line method which approximates the effective interest method over the life of the related debt.

Sales Taxes

Effective June 1, 1975, as amended in 1990, the Alabama Legislature levied a sales tax on the sale of tangible personal property in Cullman County (sales tax) for an indefinite period of time. The Authority's portion of this sales tax is due on a monthly basis in the amount of $33,333. The proceeds from the sales tax may be used to fund indigent and charity care patients.

Continued

1. Summary of Significant Accounting Policies, Continued

Goodwill and Intangibles

The Authority evaluates goodwill and intangible assets with indefinite lives for impairment annually and more frequently in the event of an impairment indicator. Intangible assets with definite lives are amortized over their respective estimated useful lives, and reviewed whenever events or circumstances indicate impairment may exist.

The Authority assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Authority determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is required If the two-step impairment test is determined to be necessary, and in step two the carrying value of a reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference will be recorded.

As of June 30, 2013 and 2012, the Authority had goodwill and intangibles of $5,391,276. The Authority has elected June 30th as its annual impairment assessment date. The Authority completed its annual impairment assessment and concluded that no goodwill or indefinite lived intangible asset impairment charge was required.

Grants and Contributions

From time to time, the Authority receives grants from Cullman County and the State of Alabama as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Continued

1. Summary of Significant Accounting Policies, Continued

Restricted Resources

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Net Position

Net position of the Authority is classified into three components. *Net investment in capital assets* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* are noncapital assets reduced by liabilities and deferred inflows of resources related to those assets that must be used for a particular purpose, as specified by the Foundation, creditors, grantors or contributors external to the Authority, including amounts deposited with trustees as required by revenue bond indentures, discussed in Note 8. *Unrestricted net position* is the remaining net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of *net investment in capital assets* or *restricted.*

Operating Revenues and Expenses

The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Authority's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive 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.

Continued

1. Summary of Significant Accounting Policies, Continued

Charity Care

The Authority provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Income Taxes

The Authority is a tax-exempt entity; therefore, no provision for income taxes is made in the financial statements.

The Hospital is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)3 of the Internal Revenue Code.

The Hospital applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Hospital only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2013 and 2012 or for the years then ended. The Hospital's open audit periods are for tax years ended 2010-2012.

Continued

1. Summary of Significant Accounting Policies, Continued

Impairment of Long-Lived Assets

The Authority evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Authority has not recorded any impairment charges in the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2013 and 2012.

Other Assets

Other assets consist primarily of a vendor deposit and receivables related to employment agreements with certain physicians.

Deferred Revenue

Deferred revenue represents payments under Medicare's prospective payment system for home health patients. Medicare reimburses the Authority for 60-day episodes of care. The amount reported as deferred revenue at June 30, 2013 and 2012 represents payments received but not earned as of the respective year end.

Compensated Absences

The Authority's employees earn vacation days at varying rates depending on years of service. Vacation time accumulates up to a maximum of 352 hours. Employees also earn sick leave benefits based on a flat rate per pay period. Employees are not paid accumulated sick leave if they leave before retirement. The estimated amount of accrued vacation is included as a current liability.

Continued

1. Summary of Significant Accounting Policies, Continued

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters, medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in the past. The Authority is self-insured for employee health insurance, worker's compensation insurance, and professional and general liability (see Note 14).

Insurance

Beginning in September 1998, the Authority became self-insured for workers' compensation claims. Effective January 1, 1999, the Authority became self-insured for healthcare claims for its employees Effective January 1, 2003, the Authority became self-insured for professional and general liability. The Authority carries reinsurance with a $10 million limit. Provision is made in the financial statements for estimates of reported claims and claims incurred but not reported for the workers' compensation, healthcare, and professional and general liability programs.

Derivative Instruments

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure of variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net position. The ineffective component, if any, is recorded in excess revenues (expenses) in the period in which the hedge transaction affects earnings. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains or losses on the derivative are recorded in excess revenues (expenses). For derivative instruments not designated as hedging instruments, the unrealized gain or loss is recognized in nonoperating revenues (expenses) during the period of change.

Continued

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

As other accounting information, FASB ASC 820, *Fair Value Measurement and Disclosures* defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 describes the following three levels of inputs that may be used:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

- Level 3: Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2012 financial statements to conform to the fiscal year 2013 presentation. These reclassifications had no impact on the change in net position in the accompanying financial statements.

Continued

2. Net Patient Service Revenue

The Authority has arrangements with third-party payors that provide for payments to the Authority at amounts different from its established rates The Authority does not believe that there are any significant credit risks associated with receivables due from third-party payors.

Revenue from the Medicare and Medicaid programs accounted for approximately 42% and 10%, respectively, of the Authority's gross patient revenue for the year ended 2013 and 43% and 9%, respectively, of the Authority's gross patient revenue for the year ended 2012. 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 will change by a material amount in the near term.

Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the state and federal levels including the initiation of the Recovery Audit Contractor (RAC) program and the Medicaid Integrity Contractor (MIC) program. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue improper payments with a three year look back from the date the claim was paid. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

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. Outpatient services rendered to Medicare beneficiaries are paid at prospectively determined rates per encounter characterized as ambulatory payment classifications in which payment is based on the type of patient service performed.

Continued

2. Net Patient Service Revenue, Continued

- Medicare, Continued

The Authority is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare Administrative Contractor (MAC). The Authority'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 under contract with the Authority. The Authority's Medicare cost reports have been audited by the MAC through June 30, 2009.

- Medicaid

The Hospital Funding Program governs Medicaid payments. For public hospitals, the Hospital Funding Program utilizes a combination of federal funds derived from certified public expenditures (CPE) and disproportionate share hospital (DSH) payments to provide inpatient and outpatient payments.

Hospitals receive a lump sum DSH payment at the beginning of the state fiscal year, base per diem payments for inpatient services, and outpatient payments based on the Medicaid fee schedule maintained by the Medicaid agency. These payments are determined and provided by the Alabama Medicaid Agency. The Alabama Medicaid Agency claims the maximum allowable DSH amount from the federal government and distributes these funds to hospitals based on a hospital's share of statewide uncompensated care. CPE payments are made on a per diem basis to public hospitals.

Both CPE and DSH transactions are considered interim payments by the Centers for Medicare and Medicaid Services (CMS). The Alabama Medicaid Agency is required to conduct a final reconciliation of CPE and DSH payments to hospitals. This reconciliation process has not begun and it is not clear when they may begin. The Medicaid Agency is responsible to CMS for any overpayments or underpayments to hospitals. No recoupment procedures are in place governing how the state may recoup overpaid CPE from or distribute underpaid CPE to hospitals.

Continued

2. Net Patient Service Revenue, Continued

- Blue Cross

  Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed under either a cost reimbursement methodology or at prospectively determined rates. For cost reimbursement services, the Authority is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by Blue Cross. The Authority's Blue Cross cost reports have been audited by Blue Cross through June 30, 2012.

- Other Agreements

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

3. Uncompensated Services

The Authority was compensated for services at amounts less than its established rates Charges for uncompensated services for 2013 and 2012 were approximately $267,197,000 and $256,438,000, respectively.

Uncompensated care includes charity and indigent care services of approximately $6,932,000 and $9,346,000 in 2013 and 2012, respectively. The cost of charity and indigent care services provided during 2013 and 2012 was approximately $1,827,000 and $2,632,000, respectively computed by applying a total cost factor to the charges foregone.

Continued

3. Uncompensated Services, Continued

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2013 and 2012.

	2013	2012
Gross patient charges	$ 357,334,675	$ 344,201,773
Uncompensated services.		
Charity and indigent care	6,931,515	9,346,438
Medicare	112,348,669	110,884,622
Medicaid	30,007,473	27,307,570
Blue Cross	70,705,164	64,956,183
Other allowances	21,731,604	20,648,520
Bad debts	25,472,376	23,295,062
Total uncompensated care	267,196,801	256,438,395
Net patient service revenue	$ 90,137,874	$ 87,763,378

4. Deposits and Investments

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Authority's Bylaws require that all bank balances be insured or collateralized by U.S. Government Securities held by the pledging financial institution's trust department in the name of the Authority.

The Authority's deposits at year-end were held by financial institutions that participate in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Continued

4. Deposits and Investments, Continued

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to them. As of June 30, 2013 and 2012, the Authority has no deposits exposed to custodial credit risk

As discussed in Note 1, the Authority's investments are generally carried at fair value. Deposits and investments as of June 30, 2013 and 2012 are classified in the accompanying financial statements as follows:

	2013	2012
Deposits and investments consist of the following:		
Authority:		
Deposits	$ 290,273	$ 340,308
Money market accounts	2,753,988	1,595,144
Certificates of deposit – non-negotiable	557,603	553,218
Hospital:		
Deposits	7,504,453	3,877,625
Money market accounts and certificates of deposit	3,826,208	3,004,676
Subtotal deposits	14,932,525	9,370,971
Hospital:		
U.S. Treasury	5,760,608	5,767,486
Government bonds	378,134	388,132
Domestic common stocks	2,404,322	1,779,223
Foreign stocks	255,226	364,452
Mutual funds – equity	10,509,933	9,470,176
Mutual funds – fixed income	9,071,129	8,851,432
Limited partnership	1,350,053	1,037,271
Alternative investments in hedge funds	3,050,632	2,831,622
Corporate bonds	920,077	700,866
Subtotal investments	33,700,114	31,190,660
Total deposits and investments	$ 48,632,639	$ 40,561,631

Continued

4. Deposits and Investments, Continued

	2013	2012
Included in the following balance sheet captions:		
Cash and cash equivalents	$ 10,548,714	$ 5,813,077
Short-term investments	4,595,774	4,175,331
Noncurrent cash and investments:		
Internally designated for capital improvements	27,555,219	24,466,172
Held by trustee under indenture agreement	5,814,438	5,819,056
Internally designated for self-insurance	118,494	287,995
Total	$ 48,632,639	$ 40,561,631

Hedge funds include investments in various funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments as they feel necessary to meet established goals. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These securities have no unfunded commitments and are redeemed semi-annually with a redemption notice period of 95-100 days. For a partial redemption, payment is generally within 30 days. For a full redemption, 95% is paid out within 30 days, with the balance paid out following the fund's audit (interest is paid on balance at the current 30 day Treasury rate).

The limited partnership invests in common stocks listed on U.S. Stock Market Exchanges. The limited partnership is valued at the end of each month to determine each partner's equity balance. These securities have no unfunded commitments and are redeemed on a monthly basis with a redemption notice of five business days. There are no known restrictions or circumstances which affect the ability to redeem or sell the investment at the measurement date.

Continued

4. Deposits and Investments, Continued

In accordance with its investment policy, the Authority invests in diversified debt and equity securities in order to manage its exposure to declines in fair values. The policy states that interest rate sensitivity shall be measured in terms of duration.

The Authority's debt securities had the following maturities:

June 30, 2013

		Investment Maturities (in Years)			
Investment Type	Carrying Amount	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury	$ 5,760,608	$ -	$ 5,760,608	$ -	$ -
Government bonds	378,134	258,585	-	119,549	-
Corporate bonds	920,077	-	177,320	742,757	-
Total	$ 7,058,819	$ 258,585	$ 5,937,928	$ 862,306	$ -

June 30, 2012

		Investment Maturities (in Years)			
Investment Type	Carrying Amount	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury	$ 5,767,486	$ -	$ 5,767,486	$ -	$ -
Government bonds	388,132	-	262,181	-	125,951
Corporate bonds	700,866	-	176,598	524,268	-
Total	$ 6,856,484	$ -	$ 6,206,265	$ 524,268	$ 125,951

Continued

4. Deposits and Investments, Continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Authority manages its exposure to credit risk by requiring in its investment policy, that debt securities be rated Baa or greater by a nationally recognized rating agency.

As of June 30, 2013 and 2012, the Authority's investments in debt securities had the following ratings:

		Rating as of June 30, 2013			
	Amount	Aaa	Aa	A	Baa
Debt securities:					
U.S. Treasury	$ 5,760,608	$ 5,760,608	$ -	$ -	$ -
Government bonds	378,134	258,585	119,549	-	-
Corporate bonds	920,077	-	89,544	655,442	175,091
Total debt securities	$ 7,058,819	$ 6,019,193	$ 209,093	$ 655,442	$ 175,091

		Rating as of June 30, 2012			
	Amount	Aaa	Aa	A	Baa
Debt securities:					
U.S. Treasury	$ 5,767,486	$ 5,767,486	$ -	$ -	$ -
Government bonds	388,132	262,181	125,951	-	-
Corporate bonds	700,866	-	-	530,054	170,812
Total debt securities	$ 6,856,484	$ 6,029,667	$ 125,951	$ 530,054	$ 170,812

Concentration of Credit Risk

The Authority's investment policy provides allowable ranges for asset allocation based on the type of investment.

Continued

5. Capital Assets

Capital asset increases, decreases, and balances for the years ended June 30, 2013 and 2012 were as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Land	$ 2,797,443	$ -	$ 178,080	$ 2,619,363
Construction-in-progress	1,469,159	-	283,940	1,185,219
Total capital assets not being depreciated	4,266,602	-	462,020	3,804,582
Land improvements	3,297,789	29,493	16,296	3,310,986
Buildings and improvements	51,809,764	1,360,272	605,196	52,564,840
Buildings held-for-sale	3,500,000	-	3,500,000	-
Equipment	48,183,182	2,964,932	1,710,679	49,437,435
Total capital assets being depreciated	106,790,735	4,354,697	5,832,171	105,313,261
Less accumulated depreciation for:				
Land improvements	2,207,315	224,288	10,231	2,421,372
Buildings and improvements	23,175,125	1,865,263	129,675	24,910,713
Equipment	39,537,161	2,701,279	1,669,686	40,568,754
Total accumulated depreciation	64,919,601	4,790,830	1,809,592	67,900,839
Capital assets, being depreciated, net	41,871,134	(436,133)	4,022,579	37,412,422
Total capital assets, net	$ 46,137,736	$(436,133)	$ 4,484,599	$ 41,217,004

Continued

5. Capital Assets, Continued

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Land	$ 2,994,053	$ -	$ 196,610	$ 2,797,443
Construction-in-progress	5,471,815	14,156	4,016,812	1,469,159
Total capital assets not being depreciated	8,465,868	14,156	4,213,422	4,266,602
Land improvements	3,292,969	4,820	-	3,297,789
Buildings and improvements	51,404,969	4,790,271	4,385,476	51,809,764
Buildings held-for-sale	-	3,500,000	-	3,500,000
Equipment	46,897,715	2,686,967	1,401,500	48,183,182
Total capital assets being depreciated	101,595,653	10,982,058	5,786,976	106,790,735
Less accumulated depreciation for:				
Land improvements	1,980,362	226,953	-	2,207,315
Buildings and improvements	21,527,625	1,884,080	236,580	23,175,125
Equipment	38,121,663	2,753,208	1,337,710	39,537,161
Total accumulated depreciation	61,629,650	4,864,241	1,574,290	64,919,601
Capital assets being depreciated, net	39,966,003	6,117,817	4,212,686	41,871,134
Total capital assets, net	$ 48,431,871	$ 6,131,973	$ 8,426,108	$ 46,137,736

Continued

6. Goodwill and Intangibles

Goodwill and intangibles consists of the following:

	2013	2012
Authority:		
Goodwill – purchase of Hospital interest	$ 2,991,276	$ 2,991,276
Intangibles – Woodland Medical Center combination	2,400,000	2,400,000
Total goodwill and intangibles	$ 5,391,276	$ 5,391,276

The goodwill is related to the acquisition of the portion of the Hospital previously owned by BHS. The intangible assets relate to licenses that are not subject to expiration and were acquired during the acquisition of a local hospital. Both are evaluated annually for impairment.

The changes in the carrying amount of goodwill and intangibles for the years ended June 30, 2013 and 2012, are as follows:

	2013	2012
Balance at beginning of the year:		
Goodwill and intangibles	$ 5,391,276	$ 5,391,276
Accumulated impairment losses	-	-
	5,391,276	5,391,276
Goodwill and intangibles acquired during the year	-	-
Impairment losses	-	-
	-	-
Balance at end of the year:		
Goodwill and intangibles	5,391,276	5,391,276
Accumulated impairment losses	-	-
	$ 5,391,276	$ 5,391,276

Continued

7. Derivative Financial Instruments

During fiscal year 2008, the Hospital entered into an interest rate swap agreement, extending through 2036. This swap was transacted in an effort to reduce the impact of interest rate changes on $50,000,000 of variable rate debt tied to the SIFMA Index. The swap contract in place requires paying a fixed cash flow and receiving a variable cash flow that re-prices with reference to three-month LIBOR The Hospital's variable-rate borrowing is tied to a different underlying interest rate index – the Securities Industry and Financial Markets Association Index (SIFMA). Thus, some degree of hedge ineffectiveness should be expected. Approximately 90% of this swap was designated as the hedging derivative in a cash flow hedge relationship.

During fiscal year 2010, the Hospital refunded the 2007-A Series Variable Rate Revenue Bonds by issuing 2009-A Series Fixed Rate Revenue Bonds. In conjunction with the issuance of the 2009-A Bonds, approximately $5.4 million was used to reduce a portion of the interest rate swap The remaining portion of the swap was amended to a basis swap. The amended swap contract requires paying a variable rate on the basis of the SIFMA index and receiving a variable cash flow that re-prices with reference to three-month LIBOR. All future fair market value adjustments to the swap will be reflected in earnings.

The financial statements reflect a liability of approximately $2.8 million and $3.2 million for 2013 and 2012, respectively, which is based on the credit rating of the Hospital.

The following is a detail of the activity reflected in the statement of revenues, expenses and changes in net position:

	2013	2012
Nonoperating revenues:		
Change in fair value of interest rate swap:		
Ineffective portion of adjustment to fair market value	$ 439,224	$(298,136)
Amortization of loss on financial instrument	(236,077)	(236,077)
Total	$ 203,147	$(534,213)
Change in unrestricted net position:		
Change in interest rate swap:		
Amortization of loss on financial instrument	$ 236,077	$ 236,077

Continued

8. Short-Term Debt

A schedule of changes in the Hospital's short-term debt for 2013 and 2012 follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Lines-of-credit	$ -	$ 3,405,906	$(3,405,906)	$ -

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Lines-of-credit	$ -	$ 6,514,848	$(6,514,848)	$ -

In 2003, the Hospital entered into revolving note agreements with Wells Fargo Bank and Regions Bank under which the banks have agreed to provide up to $500,000 and $1,000,000, respectively, in unsecured lines-of-credit to the Hospital for operations. During 2012, the Hospital chose not to renew its lines-of-credit with Regions Bank. Instead, the Hospital entered into revolving note agreements with Compass Bank and Peoples Bank of Alabama under which the banks have agreed to provide up to $2,000,000 and $500,000, respectively, in unsecured lines-of-credit to the Hospital for operations. During 2013, the line-of-credit with Peoples Bank of Alabama was not renewed.

Continued

9. Long-Term Debt

A schedule of changes in the Hospital's long-term debt for 2013 and 2012 follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Phillips lease	$ -	$ 81,395	$(12,825)	$ 68,570	$ 26,611
Morrison note	233,184	-	(46,000)	187,184	46,000
2009-A Revenue Bonds	66,395,000	-	(1,310,000)	65,085,000	1,390,000
Woodland note	3,500,000	-	(3,500,000)	-	-
	70,128,184	81,395	(4,868,825)	65,340,754	1,462,611
Less bond discount	(1,446,682)	-	61,561	(1,385,121)	(61,561)
Total long-term debt	$ 68,681,502	$ 81,395	$(4,807,264)	$ 63,955,633	$ 1,401,050

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Amounts Due Within One Year
Morrison note	$ 279,183	$ -	$(45,999)	$ 233,184	$ 46,000
2009-A Revenue Bonds	67,640,000	-	(1,245,000)	66,395,000	1,310,000
Woodland note	3,500,000	-	-	3,500,000	3,500,000
	71,419,183	-	(1,290,999)	70,128,184	4,856,000
Less bond discount	(1,508,243)	-	61,561	(1,446,682)	(61,561)
Total long-term debt	$ 69,910,940	$ -	$(1,229,438)	$ 68,681,502	$ 4,794,439

Continued

9. Long-Term Debt, Continued

Long-Term Debt. The terms and due dates of the Hospital's long-term debt at June 30, 2013 and 2012 follows:

- Morrison note, being paid at $46,000 per year through 2017 with no interest. If the Hospital terminates the agreement with Morrison, the outstanding portion of the note is due plus interest at the *Wall Street Journal* prime rate plus 2%.

- Hospital Revenue Bonds, Series 2009-A, payable in annual installments through 2036 in amounts ranging from $1,175,000 to $5,270,000 plus interest from 3% to 7%, collateralized by real property and Hospital buildings included in the facilities.

- Woodland note, 5.6% interest only payments monthly through 2012 with principal balance due at maturity in July 2012. In July 2012, the note was extended pending the sale of Woodland. In October 2012, Woodland was sold to an unrelated party. The proceeds from the sale were used to retire the associated debt.

- Phillips lease, payable in monthly installments through 2016 with a bargain purchase option at the end of the lease term.

Debt Refunding

Series 2009-A. The Hospital issued Revenue Bonds Series 2009-A dated December 3, 2009 for the purpose of refunding certain prior obligations issued by the Issuer to finance or refinance the acquisition, improvement and equipping of Hospital facilities operated by the Hospital. Proceeds of the Bonds will also be used for related costs incidental to the financing, including costs of issuance with respect to the Bonds and funding of the Reserve Fund established under the Bond Indenture. Lastly, bond proceeds will be used to pay the termination fee due in connection with the partial termination of the interest rate swap.

Continued

9. Long-Term Debt, Continued

Debt Refunding, Continued

Refunding Plan. The following debt is being refunded pursuant to the plan of financing:

Series Designation	Aggregate Principal Balance Outstanding	Principal Being Refunded
Series 1993-A Bonds	$ 19,055,000	$ 19,055,000
Series 2007-A Bonds	$ 49,925,000	$ 49,925,000

Series 1993-A Bonds. The Issuer has previously issued the Series 1993-A Bonds to provide financing for the benefit of the Hospital. The entire principal amount was refunded as part of the plan of financing. Proceeds of the bonds were used to redeem the Refunded Series 1993-A Bonds on the date of the issuance of the Bonds.

Series 2007-A Bonds. The Issuer has previously issued the Series 2007-A Bonds to provide financing for refunding of certain prior obligations issued by the Issuer to finance the acquisition, improvement and equipping of the Hospital and financing capital improvements of the Hospital. The entire principal amount was refunded as part of the plan of financing. Proceeds of the bonds were used to redeem the Refunded Series 2007-A Bonds on the date of the issuance of the bonds.

Bond Defeasance. The provision for payment of the Series 1993-A and 2007-A Bonds constitutes a defeasance of the bonds. The defeasance resulted in a gain of $5,506,967 for the year ended June 30, 2010.

The obligations of the Hospital under the Hedge Agreement are secured by a Master Indenture Note

Under the terms of the Series 2009-A Revenue Bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with noncurrent cash and investments in the balance sheet. The Revenue Bonds also require that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding.

Continued

9. Long-Term Debt, Continued

Scheduled principal and interest repayments on long-term debt are as follows:

	Long-Term Debt	
	Principal	Interest
2014	$ 1,462,611	$ 4,288,485
2015	1,502,611	4,224,854
2016	1,561,348	4,152,308
2017	1,624,184	4,075,206
2018	1,680,000	3,990,550
2019 to 2023	10,175,000	18,331,538
2024 to 2028	13,625,000	14,624,138
2029 to 2033	14,685,000	9,305,700
2034 to 2037	19,025,000	2,111,550
Total	$ 65,340,754	$ 65,104,329

10. Retirement Plan

The Hospital has a defined contribution plan for all full-time employees. The Hospital funds tax-sheltered mutual funds for employees under the defined contribution plan. Employees over 21 years of age that complete 1,000 hours per year shall receive 2% of an employee's base salary. Eligible employees must also have been employed by the Hospital for one year.

Retirement benefits included in the June 30, 2013 and 2012 financial statements are approximately $495,000 and $590,000, respectively.

Continued

11. Pension Plan

The Hospital, a blended component unit, has a noncontributory defined benefit pension plan covering substantially all full-time employees Employees were eligible to participate in the plan, provided they had attained the age of 21, worked 1,000 hours or more a year, and completed one qualifying year of service. The Board of Directors voted to freeze the defined benefit plan effective May 31, 2006.

In prior years, the Authority reported the accrued liability for the defined benefit pension plan under FASB guidance With the implementation of GASB 62, the Authority has begun reporting the pension liability under GASB guidance, which requires a prior period adjustment.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension cost and net pension obligation at June 30, 2013 and 2012 follows:

	2013	2012
Annual required contribution	$ 1,091,892	
Interest on net pension obligation	315,162	
Adjustment to annual required contribution	(394,371)	
Annual pension cost	1,012,683	$ 707,682
Contributions made	(1,100,000)	(1,000,000)
Increase (decrease) in net pension obligation	(87,317)	(292,318)
Net pension obligation, beginning of year	5,730,211	6,022,529
Net pension obligation, end of year	$ 5,642,894	$ 5,730,211

Continued

11. Pension Plan, Continued

The annual required contribution for the current year was determined as part of the June 30, 2013 actuarial valuation using the projected unit cost method. The actuarial assumptions included (a) 5.5% pre-retirement investment rate of return and (b) 5 5% post-retirement investment rate of return. There were no projected salary increases due to the plan being frozen effective May 31, 2006.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2011	$ 662,373	159%	$ 6,022,529
June 30, 2012	$ 707,682	141%	$ 5,730,211
June 30, 2013	$ 1,012,683	109%	$ 5,642,894

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As A Percent of Covered Payroll
July 1, 2012	$ 12,066,943	$ 27,460,042	$ 15,393,099	44%	N/A	N/A

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits

Continued

12. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2013 and 2012 is as follows:

	2013	2012
Medicare	30%	22%
Medicaid	5%	5%
Blue Cross	13%	14%
Other third-party payors	23%	16%
Patients	29%	43%
Total	100%	100%

13. Commitments Under Noncancellable Operating Leases

The Hospital leases various equipment and facilities under operating leases expiring at various dates through April 2018 Total rental expense in 2013 and 2012 for all operating leases was approximately $3,128,000 and $3,253,000, respectively.

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

Year Ending	Amount at June 30
2014	$ 927,114
2015	594,708
2016	380,503
2017	146,577
2018	13,155
Thereafter	-
Total	$ 2,062,057

Continued

14. Commitments and Contingencies

The Hospital is self-insured for professional and general liability for $1 million per occurrence, $3 million aggregate. Umbrella coverage for professional and general liability is provided by Hudson Specialty Insurance Company for $10 million per claim and annual aggregate At year-end, the Hospital accrued approximately $1.7 million in potential claims. The Hospital has approximately $1.8 million held in a trust to accommodate these potential claims. The accrual for potential claims is included in current liabilities and the corresponding amount held in trust is included in short-term investments

The Hospital is self-insured for worker's compensation up to $400,000 per occurrence. Excess workers' compensation is provided by Cobbs, Allen and Hall Insurance Company as brokers, with Midwest Employers Casualty Co. as the insuror. At year end, the Hospital accrued approximately $782,000 for potential claims. The accrual for potential claims is included in current liabilities.

The Hospital is also self-insured for employee health insurance. The Hospital has purchased stop loss coverage through Gerber Life for any individual that exceeds $100,000 per year, with a maximum of $1,900,000 per individual and a $3 million maximum aggregate limit. At year end, the Hospital accrued approximately $350,000 for potential claims. The accrual for potential claims is included in current liabilities.

Several lawsuits have been filed naming the Hospital as a defendant. The lawsuits allege damages of various amounts related to the general and professional liability of the Hospital. While the amount of the ultimate loss, if any, cannot be determined, in the opinion of management, after taking into account the insurance coverage noted above, there will be no material adverse effect on the Hospital's financial position, results of operations, changes in net position, or cash flows from the resolution of the litigations.

In the normal course of business, the Hospital enters into agreements with certain physicians under which the Hospital guarantees the physicians' net collections from their practices to be certain minimum amounts over certain periods of time. The Hospital also enters into agreements with certain physicians under which the Hospital agrees to repay the physicians' outstanding student loans. These agreements require the physicians to establish and maintain their practices in Cullman, Alabama for specified periods of time. Amounts due under these arrangements as of June 30, 2013 and 2012 were approximately $312,000 and $387,000, respectively and are included as other assets in the accompanying balance sheet. These payments are expensed as the doctors provide services for agreed upon periods of time. It is the Hospital's policy to secure recruiting arrangements with promissory notes.

Continued

14. Commitments and Contingencies, Continued

Health Care Reform

In recent years, there has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare at the national and the state levels In 2010 legislation was enacted which included cost controls on hospitals, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of certain provisions will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Authority.

15. Cullman Regional Medical Center Foundation, Inc.

Cullman Regional Medical Center Foundation, Inc. (the Foundation) was established to assist, advance, and strengthen the Hospital by supporting the Hospital's healthcare mission and medical education programs. A summary of the Foundation's assets, liabilities, net assets, results of operations, and changes in net assets follows.

The following is a summary of the financial statements of the Foundation:

	2013	2012
Current assets	$ 1,873,226	$ 1,411,529
Other assets	1,197,711	796,228
Total	$ 3,070,937	$ 2,207,757
Current liabilities	$ 10,416	$ -
Net assets:		
Unrestricted	486,423	580,391
Temporarily restricted	2,574,098	1,627,366
Total liabilities and net assets	$ 3,070,937	$ 2,207,757

Continued

15. Cullman Regional Medical Center Foundation, Inc., Continued

	2013	2012
Unrestricted change in net assets:		
Revenues	$ 549,806	$ 1,452,590
Distributions to Hospital for capital acquisitions	(383,566)	(1,244,058)
Other expenses	(260,208)	(255,066)
Decrease in unrestricted net assets	(93,968)	(46,534)
Temporarily restricted change in net assets:		
Revenues	946,732	(747,518)
Increase (decrease) in net assets	$ 852,764	$(794,052)

Restrictions by Foundation of $2,574,098 and $1,627,366, represent assets held by the Foundation that are restricted by donors for various programs and purposes at June 30, 2013 and 2012, respectively.

16. Functional Expenses

The Authority and the Hospital provide general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2013	2012
Health care services	$ 59,969,783	$ 61,705,310
General and administrative	24,733,587	25,479,377
Depreciation and amortization	4,901,159	4,985,662
Total	$ 89,604,529	$ 92,170,349

Continued

17. Fair Values of Financial Instruments

The following methods and assumptions were used by the Authority in estimating the fair value of its financial instruments:

- Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

- Short-term and noncurrent cash and investments: These assets consist primarily of cash and cash equivalents, certificates of deposit, money market accounts, debt instruments, equity investments, alternative investments, a limited partnership, and interest receivable. The carrying amount reported in the balance sheet approximates its fair value.

- Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

- Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party settlements approximates its fair value.

- Long-term debt: Fair values of the Authority's Revenue Bonds are based on current traded value.

- Derivative financial instruments: The carrying amount reported in the balance sheet for derivative financial instruments approximates its fair value.

Continued

17. Fair Values of Financial Instruments, Continued

The carrying amounts and fair values of the Authority's financial instruments at June 30, 2013 and 2012 is as follows:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 10,548,714	$ 10,548,714	$ 5,813,077	$ 5,813,077
Short-term and noncurrent cash and investments	$ 38,083,925	$ 38,083,925	$ 34,748,554	$ 34,748,554
Accounts payable and accrued expenses	$ 13,044,870	$ 13,044,870	$ 12,481,937	$ 12,481,937
Estimated third-party payor settlements	$ 248,438	$ 248,438	$ 1,449,914	$ 1,449,914
Long-term debt	$ 63,955,633	$ 68,191,399	$ 68,681,502	$ 72,461,117
Derivative financial instruments	$ 2,780,091	$ 2,780,091	$ 3,219,314	$ 3,219,314

Continued

18. Fair Value Measurement

The fair values of assets and liabilities measured on a recurring basis at June 30, 2013 and 2012 are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2013				
Assets:				
U.S. Treasury	$ 5,760,608	$ 5,760,608	$ -	$ -
Government bonds	378,134	378,134	-	-
Domestic common stocks	2,404,322	2,404,322	-	-
Foreign stocks	255,226	255,226	-	-
Mutual funds – equity	10,509,933	10,509,933	-	-
Mutual funds – fixed income	9,071,129	9,071,129	-	-
Limited partnership	1,350,053	1,350,053	-	-
Alternative investments in hedge funds	3,050,632	-	-	3,050,632
Corporate bonds	920,077	920,077	-	-
Total assets	$ 33,700,114	$ 30,649,482	$ -	$ 3,050,632
Liabilities:				
Derivative instruments	$ 2,780,091	$ -	$ 2,780,091	$ -

Continued

18. Fair Value Measurement, Continued

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2012				
Assets:				
U.S. Treasury	$ 5,767,486	$ 5,767,486	$ -	$ -
Government bonds	388,132	388,132	-	-
Domestic common stocks	1,779,223	1,779,223	-	-
Foreign stocks	364,452	364,452	-	-
Mutual funds – equity	9,470,176	9,470,176	-	-
Mutual funds – fixed income	8,851,432	8,851,432	-	-
Limited partnership	1,037,271	1,037,271	-	-
Alternative investments in hedge funds	2,831,622	-	-	2,831,622
Corporate bonds	700,866	700,866	-	-
Total assets	$ 31,190,660	$ 28,359,038	$ -	$ 2,831,622
Liabilities:				
Derivative instruments	$ 3,219,314	$ -	$ 3,219,314	$ -

Continued

18. Fair Value Measurement, Continued

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Financial assets using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. All assets and liabilities have been valued using a market approach.

Fair value for the hedge funds (Level 3) is determined on the last day of the month. The underlying securities of the funds are priced daily by the custodial banks for the funds, which use third-party pricing vendors. Generally, securities are valued at the last sale price on the principal exchange or market, if any, on which they are traded.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Alternative Investments in Hedge Funds
July 1, 2011	$ 2,950,405
Unrealized gains included in net position	(118,783)
Purchases	-
June 30, 2012	2,831,622
Unrealized losses included in net position	219,010
Purchases	-
June 30, 2013	$ 3,050,632

Continued

19. Business Combination

On July 15, 2009, the Authority purchased Woodland Medical Center of Cullman, Alabama. Woodland Medical Center was a 100-bed facility that provided patient care to residents of Cullman County, Alabama and the surrounding areas. The primary purpose of the combination was to purchase the operations and move them to the Authority's campus. This would provide the Authority with a strategic advantage from a competition and reimbursement standpoint. The facility and equipment were also acquired in the combination. The Authority incurred approximately $3,500,000 in debt to purchase Woodland Medical Center. In return, the Authority received $3,500,000 in property and land and $3,200,000 of intangible assets associated with bed licenses. During 2010, the Authority sold $800,000 of intangible assets, leaving the balance of $2,400,000, which is reflected in goodwill on the balance sheet. During 2013, the Authority sold $3,500,000 in property related to the Woodland purchase and paid off the related debt.

20. Electronic Health Records Incentive Payments

The Health Information Technology for Economic and Clinical Health Act (the HITECH Act) was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The HITECH Act includes provisions designed to increase the use of Electronic Health Records (EHR) by both physicians and hospitals. Beginning with federal fiscal year 2011 and extending through federal fiscal year 2016, eligible hospitals participating in the Medicare and Medicaid programs are eligible for reimbursement incentives based on successfully demonstrating meaningful use of its certified EHR technology. Conversely, those hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to reductions in Medicare reimbursements beginning in FY 2015 On July 13, 2010, the Department of Health and Human Services (DHHS) released final meaningful use regulations. Meaningful use criteria are divided into three distinct stages: I, II and III. The final rules specify the initial criteria for physicians and eligible hospitals necessary to qualify for incentive payments; calculation of the incentive payment amounts; payment adjustments under Medicare for covered professional services and inpatient hospital services; eligible hospitals failing to demonstrate meaningful use of certified EHR technology; and other program participation requirements.

Continued

20. Electronic Health Records Incentive Payments, Continued

The final rule set the earliest interim payment date for the incentive payment at May 2011. This was a delay from the initial October 2010 date, however, the first year of the Medicare portion of the program is defined as the federal government fiscal year October 1, 2010 to September 30, 2011.

The Hospital recognizes income related to Medicare and Medicaid incentive payments using a grant model based upon when it has determined that it is reasonably assured that the Hospital will be meaningfully using EHR technology for the applicable period and the cost report information is reasonably estimable.

The Hospital successfully demonstrated meeting meaningful use of its certified EHR technology for stage I prior to June 30, 2011. In October 2012, the Hospital attested to meaningful use for stage II. The Hospital has recognized approximately $891,000 and $1,800,000 in 2013 and 2012, respectively from Medicare and Medicaid. The portion of these funds related to the Hospital's fiscal year end were accrued and are reported in other current assets on the balance sheet and other revenues on the income statement.

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As A Percent Of Covered Payroll
July 1, 2010	$ 10,026,540	$ 23,535,985	$ 13,509,445	42%	N/A	N/A
July 1, 2011	$ 12,069,071	$ 25,418,091	$ 13,349,020	47%	N/A	N/A
July 1, 2012	$ 12,066,943	$ 27,460,042	$ 15,393,099	44%	N/A	N/A

See independent auditor's report.

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Member:
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Health Care Authority of Cullman County
Cullman, Alabama

We have audited the financial statements of the Health Care Authority of Cullman County as of and for the years ended June 30, 2013 and 2012, and our report thereon dated October 25, 2013, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in this report on pages 57 to 58, inclusive, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Draffin & Tucker, LLP

Atlanta, Georgia
October 25, 2013

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HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

MEMBERS OF THE BOARD OF DIRECTORS

Name	Title	Address
Todd McLeroy	Chairman	2213 Deer Run Drive, SW Cullman, AL 35057
Alan Wood	Vice-Chairman	204 County Road 1470 Cullman, AL 35058
Roger Humphrey	Secretary	590 County Road 1324 Vinemont, AL 35179
Judy Butler	Treasurer	161 County Road 1413 Cullman, AL 35058
David O. McKoy	Immediate Past Chairman	809 Violet Avenue Cullman, AL 35055
Jim Weidner	CEO/Member	P. O. Box 1108 Cullman, AL 35056-1108
Vince Bergquist	Medical Staff President/Member	641 County Road 706 Cullman, AL 35055
Hoyt Price, M. D.	Member	7979 Alabama Highway 157 Cullman, AL 35058
R. Clyne Adams, D.M.D	Member	2039 County Road 1169 Cullman, Al 35055
Robin Hall, M.D.	Member	710 Rosemont Avenue Cullman, AL 35055
Clint Frey	Member	460 County Road 1192 Cullman, AL 35057
Del Brock	Member	432 County Road 1324 Vinemont, AL 35179

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HEALTH CARE AUTHORITY OF CULLMAN COUNTY
(A Component Unit of Cullman County, Alabama)

MEMBERS OF THE BOARD OF DIRECTORS, Continued

Name	Title	Address
Stephen Donaldson	Member	470 County Road 758 Cullman, AL 35055
Greg Barksdale	Member	1679 County Road 599 Hanceville, AL 35077

See accompanying report on supplemental information.

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Member
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Health Care Authority of Cullman County
Cullman, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Health Care Authority of Cullman County (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 25, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Continued

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atlanta, Georgia
October 25, 2013

Final Tactics

Members of the Cullman County Community Health Coalition members, who represent different interests or parts of the health care system in Cullman County were involved in a discussion to identify the most important needs of the community. The following needs were recognized by this group as the most important issues that must be addressed to improve the health and quality of life in our community.

1. Improve public image of hospital:
   - Emphasize quality awards achievements
   - Eliminate "small, county hospital image"
   - Educate about proper use of ER in order to reduce ER wait times
   - Focus on compassionate care with staff and physicians
   - Focus on positive patient experiences and outcomes attributed to quality standards of care
2. Build patient bridge from ER to Good Samaritan Clinic or Cullman Internal Medicine Medicaid Clinic or to community clinics:
   - Increase use of CRMC Nurse Navigators to direct uninsured or underinsured patients to the Good Samaritan Clinic for primary care in order to reduce the use of the Emergency Department for primary care. Also, continue to educate and funnel Medicaid patients through the Stidham Medicaid Clinic through Nurse Navigation.
   - Continue to build relationships with community-based clinics in order to help increase their use and capacity.
3. Treat, educate and prevent chronic conditions such as obesity, heart disease, COPD, diabetes, hypertension (especially targeting low-income groups).
   - Create educational programs—online education tools, information to local groups, work with Good Samaritan Clinic to help educate their patient population about the numerous health issues plaguing our community
   - Work with local groups to help improve the overall wellness of the community through FREE community programs that enhance wellness as a lifestyle
   - Work with local communities to encourage the creation of additional public recreation areas in those communities
   - Educate teens about the cost of pregnancy and the short and long-term impact on having a baby as a teen
4. Impact/change negative health behaviors—obesity, tobacco use, etc. through education and partnerships.
   - Work with local groups to help improve the overall wellness of the community through FREE community programs that enhance wellness as a lifestyle
   - Work with local communities to encourage the creation of additional public recreation areas in those communities
   - Educate teens about the cost of pregnancy and the short and long-term impact on having a baby as a teen
5. Improve access to Mental Health Services.
   - Work with the Good Samaritan Clinic to increase services offered by the clinic including mental health services.
   - Work with Cullman Area Mental Healthcare to increase utilization of services or to enhance services provided.
6. Access to care—transportation issue/cost.
   - Work with CARTS and other local agencies to improve transportation access to people throughout the community.

Final Tactics (continued)

7. Decrease poverty caused by unemployment, homelessness, illness, and general poverty.
   - Continue to work with The Link of Cullman County, United Way and other community service agencies to help reduce the number of people without employment, without shelter and food to help meet their immediate needs.
   - Use Nurse Navigators to help navigate them through their healthcare issues after meeting immediate needs.
8. Access to care—Affordability of insurance/co pays.
   - Addressing barriers such as lack of health insurance, lack of ability to pay co pays, education and literacy through community partnerships and supporting local community agencies.
   - Increase use of CRMC Nurse Navigators to direct uninsured or underinsured patients to the Good Samaritan Clinic for primary care in order to reduce the use of the Emergency Department for primary care. Also, continue to educate and funnel Medicaid patients through the Stidham Medicaid Clinic through Nurse Navigation.
9. Access to care - Dental care for low-income and/or uninsured
   - Work with the Good Samaritan Clinic to increase services offered by the clinic including dental care, etc. Help to streamline processes for patients in order to reduce time to see a practitioner.
   - Educate community about current resources available—Wallace State Dental Hygiene Program LOW COST/FREE dental cleanings, etc.