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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
REGIONAL MEDICAL CENTER BOARD

Doing Business As
NORTHEAST ALABAMA REGIONAL MEDICAL CTR

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 2208

City or town, state or country, and ZIP + 4
ANNISTON, AL 36202

D Employer identification number
63-6000090

E Telephone number
(256) 235-5255

G Gross receipts $ 167,352,970

F Name and address of principal officer
J DAVID MCCORMACK
PO BOX 2208
ANNISTON, AL 36202

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW RMCCARES ORG

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

L Year of formation 1974

M State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE PERSONALIZED HEALTHCARE TO CITIZENS OF NORTHEAST ALABAMA

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**	11
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,717
6	Total number of volunteers (estimate if necessary)	**6**	220
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	221,805
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	94,557

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	35,681	53,298
9	Program service revenue (Part VIII, line 2g)	164,095,203	162,047,970
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,870,121	2,583,966
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	192,945	115,407
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	167,193,950	164,800,641
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	266,194	291,436
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	68,224,069	67,919,126
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	98,127,205	97,617,642
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	166,617,468	165,828,204
19	Revenue less expenses Subtract line 18 from line 12	576,482	-1,027,563

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	185,655,664	185,319,050
21	Total liabilities (Part X, line 26)	53,216,654	55,780,790
22	Net assets or fund balances Subtract line 21 from line 20	132,439,010	129,538,260

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

****** | 2014-05-14
Signature of officer | Date

LOUIS A BASS VP FINANCE/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
AMY BIBBY				P00445891

Firm's name ▶ DIXON HUGHES GOODMAN LLP | Firm's EIN ▶ 56-0747981

Firm's address ▶ 500 RIDGEFIELD COURT
ASHEVILLE, NC 28806 | Phone no (828) 254-2254

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

THE BOARD'S PRIMARY MISSION IS TO PROVIDE ADVANCED HEALTH CARE OF THE HIGHEST QUALITY, WITH COMPASSION AND INTEGRITY, TO EVERY PATIENT

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 $ 154,375,662 including grants of $ 291,436) (Revenue $ 161,826,165)

DURING THE YEAR ENDED JUNE 30, 2013, NORTHEAST ALABAMA REGIONAL MEDICAL CENTER HAD 12,187 ADULT AND PEDIATRIC INPATIENT ADMISSIONS, 1,336 NEWBORN ADMISSIONS AND SERVED PATIENTS THROUGH AMBULATORY CARE INCLUDING 3,565 OBSERVATION PATIENTS, 41,799 EMERGENCY DEPARTMENT PATIENTS, 54,463 REFERRED OUTPATIENTS, 4,041 SAME DAY SURGERY PATIENTS THE MEDICAL CENTER IS ALSO INVOLVED IN EDUCATION, RESEARCH, AND COMMUNITY BENEFIT ACTIVITIES DESIGNATED TO PROVIDE HEALTH AND WELLNESS REGIONAL MEDICAL CENTER HOLDS DESIGNATIONS FOR THE FOLLOWING BLUE CROSS CENTER OF DISTINCTION FOR CARDIAC CARE, IS THE ONLY HOSPITAL TO RECEIVE THE "BABY FRIENDLY" DESIGNATION FROM THE STATE OF ALABAMA, ASCR GOLD STANDARD AWARD (ALABAMA STATEWIDE CANCER REGISTRY) REGIONAL MEDICAL CENTER IS PROUD TO BE CATEGORIZED AS A TIER 1 HOSPITAL BY BLUE CROSS AND BLUE SHIELD OF ALABAMA HOSPITALS DESIGNATED AS TIER 1 ARE RECOGNIZED AS HAVING ATTAINED THE HIGHEST LEVEL OF COMPLIANCE ACROSS THE FOLLOWING AREAS QUALITY AWARENESS, PATIENT SAFETY AWARENESS, FINANCIAL AWARENESS, AND PATIENT SATISFACTION

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** ▶ 154,375,662

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *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**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *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**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
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	446		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,717		
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** 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	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**		No
	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**	Yes	

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

▶SUSAN MARNEY DIRECTOR - ACCOUNTING 400 EAST TENTH STREET ANNISTON, AL (256)235-5678

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) GREGORY J KERNION CHAIRMAN	1 00	X		X				415	0	0
(2) SANDRA FOX SUDDUTH VICE CHAIRMAN	1 00	X		X				65	0	0
(3) JAMES E ROBERTS SECRETARY	1 00	X		X				115	0	0
(4) JIMMIE THOMPSON BOARD MEMBER	1 00	X						0	0	0
(5) JOHN E BLUE II BOARD MEMBER	1 00	X						254	0	0
(6) FRED WILSON BOARD MEMBER	1 00	X						500	0	0
(7) LARRY K DEASON BOARD MEMBER	1 00	X						0	0	0
(8) ARTHUR F FITE III BOARD MEMBER	1 00	X						0	0	0
(9) BILLY DON GRIZZARD BOARD MEMBER	1 00	X						0	0	0
(10) TRUDY D HARDEGREE BOARD MEMBER	1 00	X						0	0	0
(11) W E WILLIAMS BOARD MEMBER	1 00	X						0	0	0
(12) MICHAEL W KIMBERLY DRPH MPH HCLD BOARD MEMBER	1 00	X						50	0	0
(13) JEFFREY A PARKER BOARD MEMBER	1 00	X						30	0	0
(14) ROHIT G PATEL MD CHIEF OF STAFF	1 00	X						18,000	0	0
(15) EDDYER L BROWN BOARD MEMBER (THRU MAY)	1 00	X						326	0	0
(16) JAMES S HIXON MD CHIEF OF STAFF (THRU SEPT)	1 00	X						0	0	0
(17) JEFFREY COLLINS MD VICE CHIEF OF STAFF (THRU APR)	1 00	X						0	0	0

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) J DAVID MCCORMACK CEO	40 00			X				307,494	0	27,260
(19) LOUIS BASS CFO	40 00			X				164,038	0	35,413
(20) JOSEPH WEAVER COO	40 00				X			194,016	0	24,735
(21) RONALD J VARCAK HIGHEST COMPENSATED EMPLOYEE	40 00					X		203,923	0	5,327
(22) TERRY M PHILLIS JR HIGHEST COMPENSATED EMPLOYEE	40 00					X		650,072	0	2,883
(23) BARRY J BILLINGS HIGHEST COMPENSATED EMPLOYEE	40 00					X		569,951	0	2,958
(24) AYMAN ABDUL-GHANI HIGHEST COMPENSATED EMPLOYEE	40 00					X		293,826	0	2,162
(25) ANOUAR BAKIR HIGHEST COMPENSATED EMPLOYEE	40 00					X		272,205	0	2,829
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,675,280	0	103,567

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 ▶35

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ANESTHESIA SOLUTIONS OF ANNISTON 2901 2ND AVENUE SUITE 270 BIRMINGHAM AL 35233	CRNA SERVICES	2,643,058
MORRISONS HEALTH CARE DIVISION PO BOX 102289 ATLANTA GA 303682289	MANAGEMENT OF FOOD SERVICE	1,548,479
EMERGENCY ROOM SERVICES OF ANNISTON LLC PO BOX 3477 OXFORD AL 36203	ER PHYSICIAN SERVICES	604,904
MEDMANAGEMENT LLC 1500 URBAN CENTER DR STE 325 VESTAVIA HILLS AL 35242	PHYSICIAN ADVISORY SERVICES	506,649
COASTAL EXTRACORPOREAL TECH INC PO BOX 11407 DEPT 1614 BIRMINGHAM AL 35246	PERFUSION SERVICES	496,347
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 ▶29		

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	1,000			
	e	Government grants (contributions)	1e	6,840			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	45,458			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			53,298		
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE	621400	155,988,829	155,988,829		
	b	MEDICAID DISP SHARE	900099	3,492,359	3,492,359		
	c	MEDICAID EHR PAYMENT	900099	915,218	915,218		
	d	PHARMACY REVENUE	900099	857,815	857,815		
	e	LONG TERM CARE HOSPITAL	621400	453,745	453,745		
	f	All other program service revenue		340,004	118,199	221,805	
	g	**Total.** Add lines 2a–2f		162,047,970			
	3	Investment income (including dividends, interest, and other similar amounts)		2,592,847			2,592,847
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	1,725,150 / 9,824				
	b	Less rental expenses	2,501,771 / 0				
	c	Rental income or (loss)	-776,621 / 9,824				
	d	Net rental income or (loss)		-766,797			-766,797
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	41,677				
	b	Less cost or other basis and sales expenses	50,558				
	c	Gain or (loss)	-8,881				
	d	Net gain or (loss)		-8,881			-8,881
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	FOOD SERVICE & VENDING	722210	703,372			703,372
	b	OTHER INCOME	900099	153,104			153,104
	c	GIFT SHOP REVENUE	453220	25,728			25,728
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		882,204			
	12	**Total revenue.** See Instructions		164,800,641	161,826,165	221,805	2,699,373

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	85,452	85,452		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	205,984	205,984		
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	752,956	250,985	501,971	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	133,012	133,012		
7 Other salaries and wages	53,845,916	49,599,846	4,246,070	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,422,059	3,125,277	296,782	
9 Other employee benefits	5,765,887	5,265,834	500,053	
10 Payroll taxes	3,999,296	3,652,453	346,843	
11 Fees for services (non-employees)				
a Management				
b Legal	457,460		457,460	
c Accounting				
d Lobbying	59,320		59,320	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	158,188		158,188	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	15,070,434	12,951,420	2,119,014	
12 Advertising and promotion				
13 Office expenses	1,067,900	432,040	635,860	
14 Information technology	2,333,064	1,026,166	1,306,898	
15 Royalties . .				
16 Occupancy	2,867,395	2,867,395		
17 Travel	13,175	10,865	2,310	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	201,597	154,630	46,967	
20 Interest	1,336,639	1,336,639		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	12,094,198	12,094,198		
23 Insurance	1,944,569	1,944,569		
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	36,623,476	36,623,476		
b BAD DEBT	21,242,152	21,242,152		
c FOOD SERVICE EXPENSES	1,278,032	1,278,032		
d RECRUITMENT	707,689		707,689	
e All other expenses	162,354	95,237	67,117	
25 **Total functional expenses.** Add lines 1 through 24e	165,828,204	154,375,662	11,452,542	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		354,144	1	320,543
	2	Savings and temporary cash investments		9,315,182	2	1,293,586
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,787,536	4	17,544,235
	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		1,547,679	7	2,015,714
	8	Inventories for sale or use		5,464,696	8	5,316,012
	9	Prepaid expenses and deferred charges		1,859,219	9	1,540,691
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 263,345,399			
	b	Less accumulated depreciation	10b 192,557,629	73,836,713	10c	70,787,770
	11	Investments—publicly traded securities		71,565,664	11	66,081,433
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	9,006,269
	14	Intangible assets		164,000	14	164,000
	15	Other assets See Part IV, line 11		6,760,831	15	11,248,797
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		185,655,664	16	185,319,050
Liabilities	17	Accounts payable and accrued expenses		12,473,821	17	14,946,190
	18	Grants payable			18	
	19	Deferred revenue		1,770,560	19	881,786
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		35,769,716	23	39,306,492
	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		3,202,557	25	646,322
	26	**Total liabilities.** Add lines 17 through 25		53,216,654	26	55,780,790
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		132,428,910	27	129,528,195
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		10,100	29	10,065
		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		132,439,010	33	129,538,260
	34	Total liabilities and net assets/fund balances		185,655,664	34	185,319,050

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	164,800,641
2	Total expenses (must equal Part IX, column (A), line 25)	2	165,828,204
3	Revenue less expenses Subtract line 2 from line 1	3	-1,027,563
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	132,439,010
5	Net unrealized gains (losses) on investments	5	-1,873,089
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-98
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	129,538,260

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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	**Employer identification number**
REGIONAL MEDICAL CENTER BOARD	63-6000090

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ **Yes** ☐ **No**

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ **Yes** ☐ **No**

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		40,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		19,320
j	Total Add lines 1c through 1i			59,320
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF MEMBERSHIP DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE ALABAMA HOSPITAL ASSOCIATION (ALAHA) IS ALLOCATED TO LOBBYING ACTIVITIES PERFORMED FOR THE BENEFIT OF THOSE ORGANIZATIONS' MEMBER BODIES IN 2012, 23 98% OF DUES TO THE AHA ($7,575) AND 26 63% OF DUES PAID TO THE ALAHA ($11,745) WERE ALLOCATED TO LOBBYING EFFORTS IN ADDITION, THE ORGANIZATION PAID THE LAW FIRM OF GLASSCOX J STANTON, LLC $40,000 DURING THE TAX YEAR FOR ASSISTANCE IN EXPLORING OPTIONS RELATED TO RECLASSIFICATION FOR MEDICARE WAGE INDEX

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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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	10,100	10,160	10,200	10,212	10,000
b	Contributions					
c	Net investment earnings, gains, and losses	-35	-60	-40	-12	212
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	10,065	10,100	10,160	10,200	10,212

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶ 0 %

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,015,957		4,015,957
b Buildings		85,647,950	59,989,122	25,658,828
c Leasehold improvements		16,451	5,041	11,410
d Equipment		169,195,628	129,521,921	39,673,707
e Other		4,469,413	3,041,545	1,427,868
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				70,787,770

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
(1) UNAMORTIZED DEBT ISSUE COSTS	202,461
(2) OTHER ASSETS	10,065
(3) INTEREST RATE SWAP DEFERRED CHARGE	258,013
(4) INTEREST RECEIVABLE	3,270
(5) DUE FROM AFFILIATES	8,920,071
(6) THIRD PARTY SETTLEMENTS	1,854,917
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	11,248,797

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
PROFESSIONAL LIABILITY SELF INSURANCE	565,322
WORKER'S COMPENSATION LIABILITY	81,000
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	646,322

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	143,470,846
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-1,873,089		
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	-1,873,089
3	Subtract line **2e** from line **1**			3	145,343,935
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	19,456,706		
c	Add lines **4a** and **4b**			4c	19,456,706
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	164,800,641

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

1	Total expenses and losses per audited financial statements			1	146,371,498
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	0
3	Subtract line **2e** from line **1**			3	146,371,498
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	19,456,706		
c	Add lines **4a** and **4b**			4c	19,456,706
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	165,828,204

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE KNOX ENDOWMENT WAS ESTABLISHED IN THE 1940'S BY THE KNOX FAMILY TO PROVIDE MATERNITY CARE FOR INDIGENT HOSPITAL PATIENTS INVESTMENT EARNINGS ON THE FUND ARE PUT TOWARDS INDIGENT MATERNITY PATIENTS ANNUALLY THE HOSPITAL HAS DISCRETION TO USE THE FUNDS FOR MEDICAL EXPENSES BESIDES MATERNITY CARE IF NECESSARY
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE BOARD IS A POLITICAL SUBDIVISION AND THE AFFILIATE IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN 501(C)(3) OF THE INTERNAL REVENUE CODE, THEREFORE, NO PROVISION HAS BEEN RECORDED FOR INCOME TAXES FOR THESE ENTITIES THE FILING ORGANIZATION HAS DETERMINED THAT IT DOES NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2013 AND 2012 FISCAL YEARS ENDED ON OR AFTER JUNE 30, 2010 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES, GENERALLY FOR THREE YEARS AFTER THE RELATED TAX RETURNS WERE FILED
PART XI, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 21,242,152 INCOME NET W/ EXPENSES 716,325 RENTAL EXPENSE NET W/ REVENUES -2,501,771
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 21,242,152 INCOME NET W/ EXPENSES 716,325 RENTAL EXPENSE NET W/ REVENUES -2,501,771

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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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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 ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,282,982		6,282,982	4 350 %
b Medicaid (from Worksheet 3, column a)			16,224,464	16,156,048	68,416	0 050 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			22,507,446	16,156,048	6,351,398	4 400 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			15,500		15,500	0 010 %
g Subsidized health services (from Worksheet 6)			8,152,068	6,641,382	1,510,686	1 040 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			85,452		85,452	0 060 %
j **Total.** Other Benefits			8,253,020	6,641,382	1,611,638	1 110 %
k **Total.** Add lines 7d and 7j			30,760,466	22,797,430	7,963,036	5 510 %

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						
3	Community support	6	3,509	4,403		4,403	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy	1	242	2,729		2,729	0 %
8	Workforce development						
9	Other						
10	**Total**	7	3,751	7,132		7,132	

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			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	3,566,157		
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	52,953,117
6	Enter Medicare allowable costs of care relating to payments on line 5	6	51,196,688
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,756,429
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					
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	NORTHEAST ALABAMA REGIONAL MEDICAL CTR 400 EAST 10TH STREET ANNISTON,AL 36207	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group NORTHEAST ALABAMA REGIONAL MEDICAL CTR

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 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% 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 400 000000000000% 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	NORTHEAST AL REGIONAL MED CENTER PSYCH U 400 EAST 10TH STREET ANNISTON,AL 36202	INPATIENT PSYCH UNIT
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C OUR ORGANIZATION PROVIDES A 30% DISCOUNT TO THE BILL FOR ALL SELF PAY (UNINSURED) PATIENTS THIS ADJUSTMENT IS APPLIED TO THE BILL PRIOR TO STATEMENTS BEING MAILED TO THE PATIENT OR GUARANTOR WE ALSO RETAIN ON A CONTRACTED BASIS VENDORS THAT ASSIST IN SCREENING PATIENTS FOR QUALIFICATION FOR FREE OR CHARITY CARE THIS IS ACCOMPLISHED BY MEANS OF INTERVIEWS WITH THE PATIENT AS PART OF OUR NORMAL COLLECTION PROCESS
		PART I, L7 COL(F) FOR PURPOSES OF CALCULATING COMMUNITY BENEFIT AS A PERCENTAGE OF TOTAL EXPENSE IN LINE 7, COLUMN (F), A BAD DEBT EXPENSE OF $21,242,152 HAS BEEN ADJUSTED FROM TOTAL EXPENSES PRESENTED ON FORM 990, PART XI, LINE 25

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE AT COST WAS CALCULATED BY MULTIPLYING TOTAL BAD DEBT EXPENSE BY THE HOSPITAL'S COST TO CHARGE RATIO THE COST TO CHARGE RATIO WAS CALCULATED USING WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS BY DIVIDING TOTAL OPERATING COSTS INTO TOTAL CHARGES
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS OF CARE WAS DERIVED FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE CHARITY POLICY DOES NOT SPECIFICALLY ADDRESS COLLECTION PRACTICES HOWEVER, ONCE A PERSON IS KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE ALL COLLECTION ACTIVITY STOPS DUE TO THE FACT THAT THE ACCOUNTS ARE ADJUSTED TO A ZERO BALANCE FOR THE INSTANCES WHERE THE PATIENT QUALIFIES FOR PARTIAL FINANCIAL ASSISTANCE, THE ACCOUNTS ARE ADJUSTED TO THE APPROPRIATE BALANCE AND THEN FOLLOW THE NORMAL COLLECITON SCHEDULES ESTABLISHED BY THE OUTSOURCED COLLECITON AGENCIES
NORTHEAST ALABAMA REGIONAL MEDICAL CTR		PART V, SECTION B, LINE 3 RMC'S CHNA TOOK INTO ACCOUNT INPUT FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY THE HOSPITAL, INCLUDING THOSE WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH THE INTERVIEW PROCESS TOOK INTO ACCOUNT INPUT FROM PERSONS, BASED ON RECOMMENDATIONS FROM THE HOSPITAL'S MANAGEMENT TEAM, WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY THE HOSPITAL INCLUDING HOSPITAL MANAGEMENT, HOSPITAL BOARD, HOSPITAL MEDICAL STAFF / COMMUNITY PHYSICIANS, LOCAL AGENCIES AND PROVIDERS, AND COMMUNITY LEADERS COLLECTIVELY, THE COMMUNITY MEMBERS SURVEYED REPRESENT HUNDREDS OF YEARS OF LIVING EXPERIENCE IN THE PRIMARY SERVICE AREA OF THE HOSPITAL AND THEREFORE PROVIDE HIGH PROBABILITY THAT RESPONDENTS KNOW AND UNDERSTAND THE COMMUNITY DYNAMICS AND ISSUES OF THE PRIMARY SERVICE AREA

Identifier	ReturnReference	Explanation
NORTHEAST ALABAMA REGIONAL MEDICAL CTR		PART V, SECTION B, LINE 20D THE ORGANIZATION CHARGES A % DISCOUNT OFF OF BILLED CHARGES BASED ON A SLIDING SCALE THAT IS TIED TO THE FEDERAL POVERTY GUIDELINES THE ORGANIZATION PLANS TO MODIFY ITS EXISTING POLICY TO BETTER MEET THE REQUIREMENTS OF SECTION 501(R) AFTER IT HAS BEEN FINALIZED
		PART VI, LINE 2 OUR ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IN SEVERAL WAYS, WHICH INCLUDES AN ANNUAL UPDATE OF THE MEDICAL STAFF DEVELOPMENT PLAN THERE ARE SEVERAL COMPONENTS TO THIS PLAN, INCLUDING THE OVERALL POPULATION WITHIN OUR SERVICE AREA, THE AGE OF OUR CURRENT MEDICAL STAFF, AND PROJECTED PHYSICIAN NEEDS USING CALCULATIONS PROVIDED BY THE AMERICAN MEDICAL ASSOCIATION'S PHYSICIAN CHARACTERISTICS AND DISTRIBUTION IN THE US

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENT BILLS INCLUDE A STATEMENT THAT CHARITY CARE IS AVAILABLE TO QUALIFYING INDIVIDUALS, ALONG WITH INFORMATION ON HOW TO CONTACT PERSONNEL AT THE HOSPITAL IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY QUALIFY FOR FINANCIAL ASSISTANCE SIGNS ARE ALSO POSTED IN ALL REGISTRATION AREAS, AND INFORMATION ON OUR FINANCIAL ASSISTANCE POLICY IS ALSO PROVIDED ON THE HOSPITAL'S WEBSITE
		PART VI, LINE 4 OUR SERVICE AREA IS COMPRISED OF APPROXIMATELY 200,000 PEOPLE RESIDING IN THE COUNTIES OF CALHOUN, CLEBURNE, CLAY, RANDOLPH AND TALLADEGA ALL AGE GROUPS FROM NEWBORNS TO THE ELDERLY ARE SERVED SERVICES INCLUDE MEDICAL/SURGICAL, INTENSIVE CARE, OBSTETRICS, PEDIATRICS, PSYCHIATRIC, CARDIOLOGY AND ONCOLOGY ALL CITIZENS ARE SERVED REGARDLESS OF PAYER OR ABILITY TO PAY WHILE RMC IS THE ONLY FULL SERVICE HOSPITAL IN THE SERVICE AREA, SMALLER HOSPITALS IN CALHOUN COUNTY INCLUDE STRINGFELLOW HOSPITAL AND JACKSONVILLE HOSPITAL OTHER HOSPITALS IN OUR 5 COUNTY SERVICE AREA INCLUDE WEDOWEE HOSPITAL, CLAY COUNTY HOSPITAL IN CLAY COUNTY, AND CITIZENS HOSPITAL AND COOSA VALLEY MEDICAL CENTER IN TALLADEGA COUNTY CLEBURNE AND RANDOLPH COUNTIES ARE CONSIDERED FEDERALLY DESIGNATED MEDICALLY UNDERSERVED FOR PRIMARY CARE, AND ALL COUNTIES ARE CONSIDERED UNDERSERVED FOR SPECIALTY PHYSICIANS THE AREA ALSO QUALIFIES AS UNDERSERVED FOR PSYCHIATRIC SERVICES BY THE NATIONAL HEALTH SERVICE CORPS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 REGIONAL MEDICAL CENTER PROMOTES HEALTH WITHIN THE COMMUNITY WE SERVE IN A VARIETY OF WAYS AS A NONPROFIT, WE PROVIDE SERVICES FOR ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY, AND WE SEE A VERY HIGH NUMBER OF UNINSURED, UNDERINSURED AND INDIGENT PATIENTS IN OUR EMERGENCY DEPARTMENT WE ASSIST THE MEMBERS OF OUR MEDICAL STAFF IN RECRUITING NEW PHYSICIANS TO THE AREA AS PART OF OUR ASSISTANCE PROGRAM, RECRUITED PHYSICIANS MUST AGREE TO SEE ALL PATIENTS, REGARDLESS OF INCOME LEVEL OR ABILITY TO PAY RMC PROVIDES MANY COMMUNITY SERVICES IN THE FORM OF HEALTH EDUCATION, SCREENINGS AND SUPPORT GROUPS OUR CANCER RESOURCE CENTER, PARISH NURSING PROGRAM, AND CONGREGATIONAL HEALTH OUTREACH ARE BUT A FEW OF OUR SERVICES TO OUR COMMUNITY THAT PROVIDE HIGHLY SKILLED STAFF TO PERFORM HEALTH SCREENINGS AND EDUCATION FREE OF CHARGE A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE MEDICAL CENTER THE ORGANIZATION OFFERS MEDICAL STAFF PRIVILEDGES TO ALL QUALIFIED LOCAL PHYSICIANS IN ALL HOSPITAL DEPARTMENTS THE FACILTITY UTILIZES SURPLUS FUNDS PRIMARILY TO PURCHASE NEW AND REPLACEMENT MEDICAL EQUIPMENT AND TO PERFORM NEEDED RENOVATIONS ON ITS PLANT OTHER USES OF SURPLUS FUNDS MIGHT INVOLVE FUNDING EDUCATIONAL OPPORTUNITIES FOR CLINICAL STAFF AND WHEN ALLOWED, MEMBERS OF ITS MEDICAL STAFF
		PART VI, LINE 6 THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	AL

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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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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) EAST ALABAMA EMERGENCY MEDICAL SERVICES PO BOX 700 LINCOLN,AL 35096	63-0707345	501(C)(3)	16,500				GENERAL ACTIVITY SPONSORSHIP

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 . . . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
See Additional Data Table					

Part IV **Supplemental Information.**

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION HAS WRITTEN GUIDELINES FOR ORGANIZATIONS TO APPLY FOR COMMUNITY CONTRIBUTIONS (GRANTS) A DETAILED APPLICATION MUST BE COMPLETED AND APPROVED BY THE REVIEW COMMITTEE OF THE BOARD A COPY OF THE APPLICATION IS AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINSITRATIVE OFFICE

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 63-6000090
Name: REGIONAL MEDICAL CENTER BOARD

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(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
MEDICATION/MEDICAL SUPPLIES	60	25,455			
TRANSPORTATION	122	3,600			
AMBULANCE TRANSPORTS	3	313			
INFANT CAR SEATS	1	35			
FOOD	69	302			
MISCELLANEOUS	2	75			
CLOTHING	1	348			
SCHOLARSHIP LOANS/AWARDS	35	175,856			

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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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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**		No
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)J DAVID MCCORMACK CEO	(i)	307,494	0	0	7,500	19,760	334,754	0
	(ii)	0	0	0	0	0	0	0
(2)LOUIS BASS CFO	(i)	164,038	0	0	16,616	18,797	199,451	0
	(ii)	0	0	0	0	0	0	0
(3)JOSEPH WEAVER COO	(i)	194,016	0	0	5,820	18,915	218,751	0
	(ii)	0	0	0	0	0	0	0
(4)RONALD J VARCAK HIGHEST COMPENSATED EMPLOYEE	(i)	171,027	530	32,366	0	5,327	209,250	0
	(ii)	0	0	0	0	0	0	0
(5)TERRY M PHILLIS JR HIGHEST COMPENSATED EMPLOYEE	(i)	543,405	72,500	34,167	0	2,883	652,955	0
	(ii)	0	0	0	0	0	0	0
(6)BARRY J BILLINGS HIGHEST COMPENSATED EMPLOYEE	(i)	463,345	72,500	34,106	0	2,958	572,909	0
	(ii)	0	0	0	0	0	0	0
(7)AYMAN ABDUL-GHANI HIGHEST COMPENSATED EMPLOYEE	(i)	293,483	0	343	0	2,162	295,988	0
	(ii)	0	0	0	0	0	0	0
(8)ANOUAR BAKIR HIGHEST COMPENSATED EMPLOYEE	(i)	255,432	16,700	73	0	2,829	275,034	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	ALL TRAVEL EXPENSES FOR SPOUSES AND COMPANIONS, AS WELL AS TEMPORARY HOUSING ALLOWANCES PER EMPLOYMENT AGREEMENTS, ARE ADDED AS WAGES ON THE RECIPIENTS' FORM W-2 OR 1099-MISC

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RACHEL CALDWELL	FAMILY MEMBER OF CORPORATE OFFICER	54,568	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
(2) JOHN FITE	FAMILY MEMBER OF BOARD MEMBER	20,541	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
(3) MELANIE GRIZZARD	FAMILY MEMBER OF BOARD MEMBER	57,903	COMPENSATION AS EMPLOYEE OF HOSPITAL		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	
	FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE THOSE DULY APPOINTED UNDER THE PROVISIONS O F ORDINANCE NO 74-0-13 ADOPTED BY THE COUNCIL OF THE CITY OF ANNISTON, AL, ON MAY 7, 1974
	FORM 990, PART VI, SECTION A, LINE 7B	THE BOARD IS RESTRICTED FROM THE SALE OR DISPOSAL OF ANY PART OF THE REAL ESTATE USED IN C ONNECTION WITH THE OPERATION OF THE MEDICAL CENTER OR THE TRANSFER OF THE OPERATION AND MA NAGEMENT OF THE MEDICAL CENTER WITHOUT THE CONSENT OF THE GOVERNING BODY OF THE CITY OF AN NISTON, AL
	FORM 990, PART VI, SECTION B, LINE 11	THE RETURN WAS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM WITH ASSISTANCE AND INFORMATION PROVIDED BY MANAGEMENT UPON COMPLETION, THE RETURN WAS REVIEWED INTERNALLY BY MANAGEMENT, AND FORWARDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AFTER THE RETURN WAS REVIEWED BY THE BOARD MEMBERS, IT WAS FILED WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ARE REQUIRED TO DISCLOSE ON AN ANNUAL BASIS ANY POTENTIAL CONFLICTS OF INTER EST PER THE ORGANIZATION'S OFFICIAL WRITTEN POLICY A DISINTERESTED PARTY IS ASSIGNED TO I NVESTIGATE ANY CONFLICTS THAT ARISE, AND AFFECTED BOARD MEMBERS ARE ADVISED OF THE PARTY'S DECISION
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO COMPENSATION PACKAGES ARE DETERMINED BY CONDUCTING SALARY SURVEYS FROM INDIVIDUAL HOSPITALS AS WELL AS UTILIZING SALARY INFORMATION AVAILABLE FROM INDEPENDENT SOURCES SUCH AS STATE HOSPITAL ASSOCIATIONS, INDEPENDENT COMPENSATION CONSULTANTS, AND PERIODICALS THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OVERSEES THE PROCESS AND DETERMINES THE COMPENSATION FOR THE CEO AFTER REVIEW AND CONSIDERATION OF ALL RELEVANT INFORMATION THE C EO APPROVES COMPENSATION PACKAGES FOR ALL OTHER APPLICABLE EMPLOYEES
	FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE FORM 1023 AND RECENT FILINGS OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW GUIDESTAR ORG
	FORM 990, PART VI, SECTION C, LINE 19	PHOTOCOPIES OF THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FI NANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE
	FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

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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
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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) MEDICAL CENTER MEMORIAL FOUNDATION INC PO BOX 2208 ANNISTON, AL 36202 63-0981593	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 7	N/A		No
(2) REGIONAL HEALTH SERVICES INC PO BOX 2208 ANNISTON, AL 36202 63-0721572	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 11A, I	REGIONAL MEDICAL CENTER BOARD	Yes	

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
(1) REGIONAL HEALTH MANAGEMENT CORPORATION PO BOX 2345 ANNISTON, AL 36202 63-0819576	MANAGEMENT	AL	N/A	C					No
(2) QHG OF JACKSONVILLE INC PO BOX 2208 ANNISTON, AL 36202 62-1637909	HEALTHCARE	AL	REGIONAL MEDICAL CENTER BOARD	C			100 000 %	Yes	

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	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
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	Yes	
h Purchase of assets from related organization(s)	1h	Yes	
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) REGIONAL HEALTH SERVICES	A	32,355	CASH AND A/R
(2) REGIONAL HEALTH SERVICES	D	1,321,700	
(3) QHG OF JACKSONVILLE INC	R	961,423	

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: 63-6000090
Name: REGIONAL MEDICAL CENTER BOARD

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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REGIONAL MEDICAL CENTER BOARD AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

DIXON HUGHES GOODMAN LLP

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
TABLE OF CONTENTS
JUNE 30, 2013 AND 2012

DIXON HUGHES GOODMAN LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Regional Medical Center Board and Affiliate
Anniston, Alabama

We have audited the accompanying combined financial statements of Regional Medical Center Board and Affiliate, which comprise the combined balance sheets as of June 30, 2013 and 2012, and the related combined statements of revenues, expenses, and change 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 combined financial statements

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

Opinion

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

Change in Accounting Principle

As discussed in Note B to the combined financial statements, during the year ended June 30, 2013, the Board implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statements No 63 and 61 The adoption of this new accounting guidance had no impact on amounts previously reported Our opinion is not modified with respect to this matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the combined financial statements Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audits of the combined financial statements We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Dixon Hughes Goodman LLP

October 15, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This section of the Regional Medical Center Board and Affiliate's (the "Board") combined financial statements presents management's analysis of the Board's financial performance during the fiscal years that ended on June 30, 2013 and 2012 Please read it in conjunction with the combined financial statements, which follow this section

FINANCIAL HIGHLIGHTS

Fiscal Year 2013

Operating revenues increased by 8 8% The increase in operating revenues results from an increase in net patient revenues of 7 5% and as well as an increase in other operating revenues of 35 8% Net patient revenues increased due to the acquisition of RMC Jacksonville and clinics by the Board and Affiliate The other operating revenue increase is attributed to the EHR Medicaid Incentive revenue, the Retail 340b Pharmacy revenue, and the Quest Outpatient Lab revenue along with an increase in the Affiliates other operating revenue with the acquisition of RMC Jacksonville

Operating expenses increased by 10 2% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses Salaries, wages and employee benefit expense increased by 11 4% primarily due to the increases in FTEs with the acquisition of clinics and RMC Jacksonville Supplies and other expenses increased by 9 0% also primarily due to the acquisition of clinics and RMC Jacksonville

Nonoperating income, net, decreased approximately $3 4 million or 113 3% primarily as a result of the decrease in investment income of $3 5 million

Fiscal Year 2012

Operating revenues increased by 7 8% The increase in operating revenues results from an increase in net patient revenues of 8 2% and a decrease in other operating revenues of 0 4% Net patient revenues increased primarily due to an increase in inpatient admissions of 2 3%, an increase in outpatient admissions of 6 2% and the acquisition of clinics by both the Board and Affiliate The other operating revenue decrease is attributed primarily due to a decrease in Medicaid disproportionate share payments of about 6 5% partially offset by an increase in revenue for services provided to the Long Term Acute Care Hospital ("LTACH")

Operating expenses increased by 8 1% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses Salaries, wages and employee benefit expense increased by 10 5% primarily due to the increases in FTEs with the patient volume increases and the acquisition of clinics Supplies and other expenses increased by 7 2% also primarily due to increased patient volumes and the acquisition of clinics

Nonoperating income, net, increased approximately $1 8 million or 150% primarily as a result of the increase in investment income of $1 1 million

Overview

The combined financial statements consist of two parts management's discussion and analysis (unaudited) and the combined financial statements The combined financial statements also include notes that explain in more detail some of the information in the combined financial statements

Required Basic Combined Financial Statements

The combined financial statements of the Board offer short-term and long-term financial information about its activities The combined balance sheets include all of the Board's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Board creditors (liabilities) The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities It also provides the basis for computing rate of return, evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board

All of the current fiscal year's revenues and expenses are accounted for in the combined statements of revenues, expenses, and changes in net position This statement measures the success of the Board's operations over the past fiscal year and can be used to determine whether the Board has successfully recovered all its costs through its services provided, as well as its profitability and creditworthiness

The final required financial statement is the combined statements of cash flows The primary purpose of this statement is to provide information about the Board's cash receipts and cash payments during the reporting period The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing, noncapital financing and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period

Financial Analysis

Our analysis of the combined financial statements of the Board begins below One of the most important questions asked about the Board's finances is "is the Board as a whole better off or worse off as a result of the fiscal year's activities?" The combined balance sheets and the statements of revenues, expenses, and changes in net position report information about the Board's activities in a way that will help answer this question These two statements report the net position of the Board and changes in them You can think of the Board's net position - the difference between assets and liabilities - as one way to measure financial health or financial position Over time, increases or decreases in the Board's net position are one indicator of whether its financial health is improving or deteriorating However, you will need to consider other nonfinancial factors such as changes in economic conditions, regulations, and new or changed government legislation

Net Position

To begin our analysis, a summary of the Board's combined balance sheets is presented in Tables A-1 and A-2

Table A-1
Condensed combined balance sheets (in millions of dollars)

	FY 2013	FY 2012	Dollar Changes	Percentage Changes
Receivables, net	$ 20 7	$ 14 9	$ 5 8	38 9%
Other current assets	13 2	19 2	(6 0)	-31 3%
Current assets	33 9	34 1	(0 2)	-0 6%
Other assets	71 2	77 8	(6 6)	-8 5%
Property and equipment, net	81 0	75 4	5 6	7 4%
Total assets	$ 186 1	$ 187 3	$ (1 2)	-0 6%
Current liabilities	$ 21 1	$ 17 0	$ 4 1	24 1%
Other long-term liabilities	0 9	2 9	(2 0)	-69 0%
Long-term debt	36 2	33 7	2 5	7 4%
Total liabilities	$ 58 2	$ 53 6	$ 4 6	8 6%
Net position				
Invested in capital assets, net of related debt	$ 42 4	$ 39 8	$ 2 6	6 5%
Unrestricted	85 5	93 9	(8 4)	-8 9%
Total net position	$ 127 9	$ 133 7	$ (5 8)	-4 3%

As shown in Table A-1, net position decreased $5 8 million from fiscal year 2012 This change in net asset position was primarily attributable to operating losses of $5 4 million, partially offset by nonoperating income of $0 4 million, as shown in Table A-3

Table A-2
Condensed combined balance sheets (in millions of dollars)

	FY 2012	FY 2011	Dollar Changes	Percentage Changes
Receivables, net	$ 14 9	$ 14 7	$ 0 2	1 4%
Other current assets	19 2	12 5	6 7	53 6%
Current assets	34 1	27 2	6 9	25 4%
Other assets	77 8	78 9	(1 1)	-1 4%
Property and equipment, net	75 4	79 9	(4 5)	-5 6%
Total assets	$ 187 3	$ 186 0	$ 1 3	0 7%
Current liabilities	$ 17 0	$ 13 5	$ 3 5	25 9%
Other long-term liabilities	2 9	1 8	1 1	61 1%
Long-term debt	33 7	36 9	(3 2)	-8 7%
Total liabilities	$ 53 6	$ 52 2	$ 1 4	2 7%
Net position				
Invested in capital assets, net of related debt	$ 39 8	$ 44 2	$ (4 4)	-10 0%
Restricted for debt service	0 0	0 3	(0 3)	-100 0%
Unrestricted	93 9	89 3	4 6	5 2%
Total net position	$ 133 7	$ 133 8	$ (0 1)	-0 1%

As shown in Table A-2, net position decreased $0 1 million from fiscal year 2011 This change in net asset position was primarily attributable to operating losses of $3 1 million, partially offset by nonoperating income of $3 0 million, as shown in Table A-4

Revenues, Expenses, and Changes in Net Position

While the combined balance sheets show the change in net position, the combined statements of revenues, expenses, and changes in net position provide information as to the nature and source of these changes A summary of the Board's combined statements of revenues, expenses, and changes in net position is presented in Tables A-3 and A-4

Revenues, Expenses, and Changes in Net Position (Continued)

Table A-3
Condensed combined statements of revenues, expenses, and changes in net position (in millions of dollars)

	FY 2013	FY 2012	Dollar Changes	Percentage Changes
Operating revenues	$ 160 1	$ 147 1	$ 13 0	8 8%
Salaries, wages, and employee benefits	79 4	71 3	8 1	11 4%
Supplies and other	57 1	52 4	4 7	9 0%
Depreciation and amortization	13 4	12 9	0 5	3 9%
Other expenses	15 6	13 6	2 0	14 7%
Total operating expenses	165 5	150 2	15 3	10 2%
Operating loss	(5 4)	(3 1)	(2 3)	74 2%
Nonoperating income, net	(0 4)	3 0	(3 4)	-113 3%
(Deficiency) excess of revenues, gains, and other support over expenses	(5 8)	(0 1)	(5 7)	5700 0%
Beginning net position	133 7	133 8	(0 1)	-0 1%
Ending net position	$ 127 9	$ 133 7	$ (5 8)	-4 3%

Operating revenues increased by 8 8% The increase in operating revenues results from an increase in net patient revenues of 7 5% and as well as an increase in other operating revenues of 35 8% Net patient revenues increased due to the acquisition of RMC Jacksonville and clinics by the Board and Affiliate The other operating revenue increase is attributed to the EHR Medicaid Incentive revenue, the Retail 340b Pharmacy revenue, and the Quest Outpatient Lab revenue along with an increase in the Affiliates other operating revenue with the acquisition of RMC Jacksonville

Operating expenses increased by 10 2% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses Salaries, wages and employee benefit expense increased by 11 4% primarily due to the increases in FTEs with the acquisition of clinics and RMC Jacksonville Supplies and other expenses increased by 9 0% also primarily due to the acquisition of clinics and RMC Jacksonville

Nonoperating income, net, decreased approximately $3 4 million or 113 3% primarily as a result of the decrease in investment income of $3 5 million

Revenues, Expenses, and Changes in Net Position (Continued)

Table A-4

Condensed combined statements of revenues, expenses, and changes in net position (in millions of dollars)

	FY 2012	FY 2011	Dollar Changes	Percentage Changes
Operating revenues	$ 147 1	$ 136 5	$ 10 6	7 8%
Salaries, wages, and employee benefits	71 3	64 5	6 8	10 5%
Supplies and other	52 4	48 9	3 5	7 2%
Depreciation and amortization	12 9	12 9	-	0 0%
Other expenses	13 6	12 7	0 9	7 1%
Total operating expenses	150 2	139 0	11 2	8 1%
Operating loss	(3 1)	(2 5)	(0 6)	24 0%
Nonoperating income, net	3 0	1 2	1 8	150 0%
Excess of revenues, gains, and other support over expenses	(0 1)	(1 3)	1 2	-92 3%
Beginning net position	133 8	135 1	(1 3)	-1 0%
Ending net position	$ 133 7	$ 133 8	$ (0 1)	-0 1%

Operating revenues increased by 7 8% The increase in operating revenues results from an increase in net patient revenues of 8 2% and a decrease in other operating revenues of 0 4% Net patient revenues increased primarily due to an increase in inpatient admissions of 2 3%, an increase in outpatient admissions of 6 2% and the acquisition of clinics by both the Board and Affiliate The other operating revenue decrease is attributed primarily due to a decrease in Medicaid disproportionate share payments of about 6 5% partially offset by an increase in revenue for services provided to the LTACH

Operating expenses increased by 8 1% primarily as a result of increased salaries, wages, and employee benefits and supplies and other expenses Salaries, wages and employee benefit expense increased by 10 5% primarily due to the increases in FTEs with the patient volume increases and the acquisition of clinics Supplies and other expenses increased by 7 2% also primarily due to increased patient volumes and the acquisition of clinics

Nonoperating income, net, increased approximately $1 8 million or 150% primarily as a result of the increase in investment income of $1 1 million

Capital Assets and Debt Financing

Property and Equipment

As of June 30, 2013, the Board had $81 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net increase (additions, deductions and depreciation) of $5 6 million or 7 4% from the end of last fiscal year

As of June 30, 2012, the Board had $75 4 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net decrease (additions, deductions and depreciation) of $4 5 million or 5 6% from the end of last fiscal year

Table A-5
Capital assets (in millions of dollars)

	FY 2013	FY 2012	FY 2011
Land and land improvements	$ 9 4	$ 8 5	$ 8 2
Buildings and building improvements	144 9	138 7	137 3
Furniture, fixtures, and equipment	119 5	108 4	102 7
Total capital assets	273 8	255 6	248 2
Accumulated depreciation	(194 7)	(182 0)	(170 4)
Construction in progress	1 7	1 8	2 1
Net capital assets	$ 80 8	$ 75 4	$ 79 9

Debt Financing

On June 30, 1998, the Board issued $50 million of Series 1998-A Bonds (the "Series 1998 Bonds") The proceeds were used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions

The Series 1998 Bonds are subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption Beginning in 2014, the Bonds, which mature in 2014 and after, are required to be redeemed in annual amounts ranging from $1 54 million to $3 16 million

Debt Financing (Continued)

The Series 1998 Bonds are limited obligations of the Board The principal of and the interest on the Series 1998 Bonds are secured by a pledge of, and are payable solely out of, the gross revenue of the Board to be derived from the operation of the Regional Medical Center Board None of the physical assets of the Board have been pledged or mortgaged to secure the Series 1998 Bonds These bonds do not constitute an indebtedness of the State of Alabama, Calhoun County or the City of Anniston, nor do they give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of the foregoing

On March 5, 2013, the Board entered into a $5,100,000 note payable ("the 2013 Note Payable") for the purpose of acquisition and improvement of RMC Jacksonville Interest is payable monthly at a fixed rate of 2 26% The note requires annual principal repayments on March 1, and matures on March 1, 2023

On August 22, 2011, the Board entered into a $36,735,000 notes payable for the purpose of refunding $36,735,000 of then outstanding Series 1998 Bonds Interest is payable monthly at a rate of 65% of LIBOR plus 1 54% The note requires annual debt service payments with final payment due on August 1, 2021

On May 27, 2005, Regional Health Management Corporation ("RHMC"), the subsidiary of the affiliate, obtained a $2 4-million note payable from Regions Bank The proceeds of the note payable were used to pay down amounts owed to the Board The note payable is guaranteed by the Board

On September 12, 2008, RHMC amended and restated its note agreement The amended note bears interest at 5 430% and is due in monthly payments of $24,918, including interest, maturing on March 4, 2013

For more detailed information regarding the Board's capital assets and debt financing, please refer to the notes to the combined financial statements

COMBINED FINANCIAL STATEMENTS

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
COMBINED BALANCE SHEETS
JUNE 30, 2013 AND 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 1,757,954	$ 9,923,211
Patient accounts receivable, net of allowance for uncollectible accounts of $31,200,077 and $23,052,225 at June 30, 2013 and 2012, respectively	20,739,988	14,883,997
Other receivables	2,168,179	1,978,262
Estimated third-party settlements	1,683,566	-
Inventories	5,926,725	5,471,696
Prepaid expenses	1,650,032	1,859,219
Total current assets	33,926,444	34,116,385
Noncurrent cash and investments		
Designated by board for capital improvements	66,517,246	72,046,764
Total noncurrent cash and investments	66,517,246	72,046,764
Property and equipment, net	80,956,421	75,397,718
Investment in uncombined entity	3,267,495	3,229,864
Other assets	381,153	359,861
Net pension asset	81,852	-
Deferred charge, interest rate swap	258,013	1,516,802
Goodwill	689,852	689,852
Total assets	$ 186,078,476	$ 187,357,246

See accompanying notes to combined financial statements.

	2013	2012
Liabilities and Net Position		
Current liabilities		
Accounts payable	$ 11,361,296	$ 7,231,868
Accrued salaries, benefits, and payroll taxes	6,262,248	5,461,560
Deferred revenue	881,786	1,770,342
Estimated third-party settlements	-	398,963
Current portion of long-term debt	2,616,161	2,176,257
Total current liabilities	21,121,491	17,038,990
Long-term debt, less current portion	36,199,863	33,716,024
Accrued loss on interest rate swap	258,013	1,516,802
Net pension liability	-	84,619
Other long-term liabilities	646,321	1,270,857
Total liabilities	58,225,688	53,627,292
Net position		
Invested in capital assets, net of related debt	42,342,858	39,855,759
Unrestricted	85,509,930	93,874,195
Total net position	127,852,788	133,729,954
Total liabilities and net position	$ 186,078,476	$ 187,357,246

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Unrestricted revenues, gains, and other support		
Net patient service revenue, net of provision for bad debts of $27,636,304 ($23,824,678 in fiscal year 2012)	$ 151,047,828	$ 140,457,023
Other revenue	9,100,124	6,691,846
Total revenue, gains, and other support	160,147,952	147,148,869
Salaries and wages	64,928,452	56,791,418
Employee benefits	14,438,300	14,491,140
Supplies	40,174,624	38,797,714
Other	16,932,392	13,610,359
Fees	2,810,973	2,739,013
Purchased services	12,886,956	10,861,407
Depreciation	13,428,140	12,957,807
Total expenses	165,599,837	150,248,858
Operating loss	(5,451,885)	(3,099,989)
Nonoperating income (expense)		
Investment income	374,001	3,904,365
Contributions	5,542	12,153
Interest expense	(1,596,810)	(1,803,312)
Income from uncombined entity	653,685	591,147
(Loss) gain on sale of assets	(8,881)	65,703
Income tax	147,182	246,136
Deficiency of revenues, gains, and other support over expenses	(5,877,166)	(83,797)
Net position, beginning of fiscal year	133,729,954	133,813,751
Net position, end of fiscal year	$ 127,852,788	$ 133,729,954

See accompanying notes to combined financial statements.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 143,109,308	$ 141,236,231
Payments to suppliers	(69,420,005)	(66,732,545)
Payments to employees	(78,732,535)	(70,378,096)
Other receipts and payments, net	8,021,651	7,461,535
Net cash provided by operating activities	2,978,419	11,587,125
Cash flows from non-capital financing activities		
Contributions	5,542	12,153
Cash flows from capital and related financing activities		
Purchases of property and equipment	(11,901,977)	(7,496,341)
Repayment of long-term debt	(2,176,257)	(36,995,652)
Proceeds from issuance of long-term debt	5,100,000	36,735,000
Interest paid on long-term debt	(1,596,810)	(1,960,739)
Net cash used in capital and related financing activities	(10,575,044)	(9,717,732)
Cash flows from investing activities		
Change in noncurrent cash and investments	6,538,743	2,156,315
Distributions from investment in uncombined entity	616,054	611,261
Investment income	2,247,090	2,804,927
Acquisition of Jacksonville Medical Center and clinics	(7,135,425)	(1,358,836)
Proceeds from the sale of property and equipment	41,678	116,682
Net cash provided by investing activities	2,308,140	4,330,349
Net (decrease) increase in cash and cash equivalents	(5,282,943)	6,211,895
Cash and cash equivalents, beginning of year	11,165,401	4,953,506
Cash and cash equivalents, end of year	$ 5,882,458	$ 11,165,401

	2013	2012
Reconciliation of cash and cash equivalents to combined balance sheets		
Cash and cash equivalents	$ 1,757,954	$ 9,923,211
Cash and cash equivalents included in noncurrent cash and investments		
Internally designated for capital acquisitions	4,124,504	1,242,190
Total cash and cash equivalents	$ 5,882,458	$ 11,165,401
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (5,451,885)	$ (3,099,989)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	13,428,140	12,957,807
Provision for bad debts	27,636,304	23,824,678
Patient accounts receivable	(33,492,295)	(23,999,395)
Other receivables	(189,917)	(145,311)
Estimated third-party payor settlements	(2,082,529)	953,925
Inventories	(455,029)	(159,624)
Prepaid expenses	209,187	(74,610)
Other assets	24,708	(76,892)
Net pension asset	(166,471)	322,590
Accounts payable	4,203,610	63,944
Deferred revenue	(888,556)	915,000
Accrued salaries, benefits, and payroll taxes	800,688	635,872
Other long-term liabilities	(597,536)	(530,870)
Net cash provided by operating activities	$ 2,978,419	$ 11,587,125

	2013	2012
Noncash investing and financing activities		
(Loss) gain on sale of assets	$ (8,881)	$ 65,703
Accounts payable for purchase of property and equipment	$ -	$ 40,177
Loss on extinguishment of debt	$ -	$ 1,057,205
Income from uncombined entity	$ 653,685	$ 591,147
Unrealized gain (loss) on investments	$ (1,873,089)	$ 1,099,438

NOTE A - NATURE OF BUSINESS

Organization and Nature of Business

Regional Medical Center Board (the "Board") was created as a public not-for-profit corporation on May 7, 1974, by the Council of the City of Anniston, Alabama Since September 30, 1974, the Board has operated the Northeast Alabama Regional Medical Center ("NEARMC") The Board is restricted from the sale or disposal of any part of the real estate used in connection with the operation of the NEARMC or the transfer of the operation and management of the NEARMC without the consent of the governing body of the City of Anniston On July 29, 1991, the Governor of Alabama signed into law Act No 91-552 which granted the Board, as well as other applicable hospitals, the powers of a health care authority organized under Article 11 of Chapter 22, otherwise known as "The Health Care Authorities Act of 1982 Code of Alabama 1975," whereby rights are generally less restricted than under previous law The Board reports as a governmental entity

The combined financial statements include the accounts of the Board and its fully blended component units, Regional Health Services, Inc ("RHS"), Jacksonville Holdings, Inc ("JHI"), and QHG of Jacksonville, Inc ("QHG") RHS is an Alabama not-for-profit entity with NEARMC being the sole corporate member RHS includes a subsidiary, Regional Health Management Corporation ("RHMC"), an Alabama for-profit corporation and a wholly owned subsidiary of RHS RHMC owns and operates clinics which provide various outpatient health services In the current fiscal year, the Board acquired JHI, which owns and operates clinics providing various outpatient health services Pursuant to the acquisition, the Board transferred the assets of JHI to RHMC, and RHMC operates all JHI clinics In the current fiscal year, the Board acquired QHG, which owns and operates Regional Medical Center Jacksonville ("RMCJ") NEARMC and RMCJ (collectively, the "Medical Center") are both acute care hospitals NEARMC is a 338-bed acute care hospital located in Anniston, Alabama and RMCJ is an 89-bed acute care hospital located in Jacksonville, Alabama All significant intercompany balances and transactions have been eliminated in combination

Mission Statement

The Board's primary mission is to provide advanced health care of the highest quality, with compassion and integrity, to every patient

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Certain amounts in the June 30, 2012 financial statements have been reclassified to conform with the 2013 presentation Such reclassifications had no material effect on the previously reported combined balance sheets, statements of revenues, expenses, and changes in net position, or cash flows

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund Accounting

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

Use of Estimates

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

Operating Revenues and Expenses

The Board's combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses Operating revenues result from exchange transactions associated with providing health care services, the Board's principal activity Nonexchange revenues, including investment income, contributions received for purposes other than capital asset acquisition, and various other items, are reported as nonoperating revenues Operating expenses are all expenses incurred to provide health care services, other than financing costs

Net Position

Net position of the Board is classified in two components *Net position invested in capital assets, net of related debt,* 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 *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital assets, net of related debt.*

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charity Care

The Medical Center 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 Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue in the accompanying combined financial statements

The Medical Center maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of these services and supplies, and equivalent service statistics The following information measures the level of charity care provided during the fiscal years ended June 30, 2013 and 2012

	2013	2012
Estimated costs and expenses incurred to provide charity care	$ 4,909,668	$ 5,411,045
Estimated percentage of charity care patients to all patients served	3 02%	3 68%

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for whom services are 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

Revenues from the Medicare and Medicaid programs accounted for approximately 50% and 12%, respectively, of the Medical Center's net patient service revenue for the fiscal year ended June 30, 2013 (48% and 9%, respectively, for fiscal year 2012) Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The Medical Center 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

While no such regulatory inquiries have been made, 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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents recorded as current assets consist primarily of net deposits in demand accounts and certificates of deposits with maturities not in excess of 90 days when purchased and are stated at cost, which approximates market The Board and Affiliate's cash and cash equivalents are deposited in Alabama banks A portion of the Board and Affiliate's deposits were held by financial institutions 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 Deposit Insurance Corporation ("FDIC") and the National Credit Union Administration ("NCUA") If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance The Board and Affiliate's deposits may, at times, exceed amounts insured under the FDIC, NCUA, and SAFE Program However, the Board and Affiliate has not experienced any losses on such deposits

Patient Accounts Receivable and Third-Party Payor Settlements

Receivables from patients, insurance companies and third-party contractual agencies are recorded at regular patient service charge rates A majority of the Board and Affiliate's patients are insured by certain third-party insurers based on contractual agreements which generally result in the Board and Affiliate collecting less than the established charge rates Final determination of payments under these agreements is subject to review by appropriate authorities

Patient accounts receivable is reduced by an allowance for doubtful accounts and contractual allowances In evaluating the collectability of accounts receivable, the Board and Affiliate analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate contractual allowance and allowance for doubtful accounts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts and contractual allowances For patient accounts receivable associated with services provided to patients who have third-party coverage, the Board and Affiliate analyzes contractually due amounts and records a contractual allowance For patient accounts receivable associated with non-third-party payors (which includes both patients without insurance and patients with deductible and copayment balances for which third-party coverage exists for part of the bill), the Board and Affiliate records an allowance for doubtful accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts The methodology of estimating the allowance for doubtful accounts did not change from prior year

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments

The Board's cash and investments are reported at fair value based on quoted market prices As of June 30, the Board had the following noncurrent cash and investments

	2013	2012
Cash and cash equivalents	$ 4,124,504	$ 1,242,190
Floating rate notes	1,752,223	1,558,315
Asset backed securities	7,956,544	7,788,216
Collateralized mortgage obligations	767,388	501,397
Corporate bonds	13,280,425	12,877,703
Municipal bonds	1,970,243	2,218,129
Government and agency securities	23,635,338	32,521,882
Mortgage backed securities	13,030,581	13,338,932
	$ 66,517,246	$ 72,046,764

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy limits maturities or the average life for any security held in the portfolio to 15 years As of June 30, 2013, the Board's investments had the following maturities

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash and cash equivalents	$ 4,124,504	$ 4,124,504	$ -	$ -	$ -
Floating rate notes	1,752,223	-	1,225,524	174,631	352,068
Asset backed securities	7,956,544	-	4,889,359	3,067,185	-
Collateralized mortgage obligations	767,388	-	-	21,603	745,785
Corporate bonds	13,280,425	1,148,324	8,002,785	3,298,984	830,332
Municipal bonds	1,970,243	449,192	745,270	276,285	499,496
Government and agency securities	23,635,338	541,624	10,460,269	7,233,340	5,400,105
Mortgage backed securities	13,030,581	349	130,053	505,836	12,394,343
	$ 66,517,246	$ 6,263,993	$ 25,453,260	$ 14,577,864	$ 20,222,129

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

It is the Board's policy to limit its investments so that the average quality ratio of the portfolio is not less than AA No single issue may be rated less than A by S&P and Moody's at any time As of June 30, 2013, the Board's investments were rated as follows

Investment	S & P Credit Rating	Moody's Credit Rating	Percentage of Total
Cash and cash equivalents	N/A	N/A	1%
Floating rate notes	A-	A3	1%
Floating rate notes	*	*	1%
Asset backed securities	AA	Aa1	1%
Asset backed securities	AA+	Aa1	1%
Asset backed securities	AAA	Aaa	3%
Asset backed securities	Not Rated	Aaa	2%
Asset backed securities	AAA	Not Rated	4%
Collateralized mortgage obligations	*	*	1%
Corporate bonds	A	A1	2%
Corporate bonds	A+	A1	2%
Corporate bonds	AA+	A1	1%
Corporate bonds	A	A2	2%
Corporate bonds	A+	A2	1%
Corporate bonds	A-	A2	1%
Corporate bonds	A	A3	1%
Corporate bonds	A-	A3	2%
Corporate bonds	A+	Aa2	1%
Corporate bonds	AA	Aa2	1%
Corporate bonds	A	Aa3	1%
Corporate bonds	A+	Aa3	1%
Corporate bonds	AA-	Aa3	1%
Municipal bonds	A+	A1	1%
Municipal bonds	AA	Aa1	1%
Municipal bonds	Not Rated	Aa3	1%
Government and agency securities	*	*	46%
Mortgage backed securities	A+	Aaa	1%
Mortgage backed securities	AAA	Aaa	5%
Mortgage backed securities	Not Rated	Aaa	2%
Mortgage backed securities	AAA	Not Rated	2%
Mortgage backed securities	*	*	9%

* Guaranteed by the full faith and credit of the United States Government

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party All of the Board's $66,517,246 in investments at June 30, 2013, are held by the investment's counterparty, not in the name of the Board The Board does not have a policy that limits the amount of investments that are held by counterparties

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in fair value of investments reported in the prior fiscal year and the current fiscal year

Noncurrent cash and investments include assets set aside by the Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes

Inventories

Inventories of drugs and other supplies are recorded at cost, using the first-in, first-out method, which is not in excess of market

Property and Equipment

It is the policy of the Board and the Affiliate to capitalize the cost of major additions to property and equipment and to remove from the accounts major items of property and equipment retired or sold The resulting gain or loss from asset retirements or sales is included in the nonoperating revenues and expenses section of the accompanying combined statements of revenues, expenses, and changes in net position Depreciation is provided using the straight-line method based on the estimated useful lives stated in the American Hospital Association guidelines Property and equipment is depreciated over the following useful lives

Land improvements	5 - 40 years
Buildings and building improvements	5 - 40 years
Furniture, fixtures, and equipment	2 - 25 years

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed

Electronic Health Records

The Medical Center received approximately $915,000 related to the Electronic Health Record incentive program from Medicaid during the fiscal year ended June 30, 2012 The Medical Center elected to defer revenue recognition on the amount under the gain contingency model until the cost report for the period had been filed The amount included in deferred revenue in the prior fiscal year has been recognized as revenue in the accompanying combined financial statements for the fiscal year ended June 30, 2013

Contributions

From time to time, the Board receives contributions from individuals and private organizations Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met 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 on the combined statements of revenues, expenses, and changes in net assets Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses on the combined statements of revenue, expenses, and changes in net position

Income Taxes

The Board is a political subdivision and the Affiliate is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, therefore, no provision has been recorded for income taxes for these entities Regional Health Management Corporation ("RHMC") is a wholly-owned subsidiary of the Affiliate RHMC is a for-profit corporation and accounts for deferred income taxes using the asset and liability method to establish deferred tax assets and liabilities for the temporary differences between the financial reporting bases and the tax bases of RHMC's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled As of June 30, 2013 and 2012, a deferred tax asset (liability) has been recorded in the amount of $46,000 and $(27,000), respectively, related primarily to timing differences related to depreciation and the investment in The Surgery Center, LLC (see Note M), and is included in other assets and other long-term liabilities on the combined balance sheets As of June 30, 2013 and 2012, had net operating loss carry forwards of $1,343,000 and $462,000, respectively

The Board has evaluated their tax positions and have determined that they do not have any material unrecognized benefits or obligations as of June 30, 2013 and 2012

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Policies

During the year ended June 30, 2013, the Medical Center implemented the provisions of GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial reporting guidance related to deferred inflows of resources, deferred outflows of resources, and net position, which are elements of the balance sheet as defined in GASB Concepts Statement No 4, *Elements of Financial Statements.* As a result of the application, net assets is now identified as net position

The Board also implemented the provisions of GASB Statement No 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34.* This statement clarified certain requirements for reporting component units and required additional reporting guidance for reporting blended component units The effect of this statement is discussed at Note Q

NOTE C - NET PATIENT SERVICE REVENUE

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

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient nonacute services and defined pass through costs are paid based on a cost reimbursement methodology The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by the Medicare fiscal intermediary The Medical Center's Medicare cost reports have been audited and final settlement has been made by the Medicare fiscal intermediary through June 30, 2009

Medicaid

Under the Alabama Medicaid Program, hospitals are paid three payments for inpatient care per diem for claims submitted, lump sum disproportionate share payment, and quarterly access payments based on the upper payment limit calculation (UPL) Outpatient services are reimbursed based on a fee schedule

NOTE C - NET PATIENT SERVICE REVENUE (Continued)

Blue Cross and Blue Shield of Alabama

Inpatient services rendered to Blue Cross and Blue Shield of Alabama ("Blue Cross") subscribers are reimbursed through a prospectively agreed upon rate, based on rates per day of hospitalization The prospectively determined rates are not subject to retroactive adjustment Outpatient services rendered to Blue Cross beneficiaries are reimbursed under a cost reimbursement methodology subject to retroactive settlement The Medical Center is reimbursed for cost reimbursable items subject to retroactive adjustment at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by Blue Cross Blue Cross cost reports for the Medical Center have been audited through June 30, 2012

Others

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, businesses, health maintenance organizations, and preferred provider organizations The bases for payment to the Medical Center under these agreements include discounts from established charges and prospectively determined daily rates

Net patient service revenue consists of the following for the fiscal years ended June 30

	2013	2012
Charges at established rates (excluding charity care)	$ 711,595,055	$ 655,203,116
Less contractual adjustments		
Medicare	266,836,923	258,180,378
Medicaid	70,342,503	54,334,785
Blue Cross	119,271,991	129,460,780
Other contractual adjustments	76,459,506	48,945,472
	178,684,132	164,281,701
Less provision for bad debts	27,636,304	23,824,678
	$ 151,047,828	$ 140,457,023

The Medical Center recorded an increase of approximately $743,000 and $272,000 to net patient service revenue for the fiscal years ended June 30, 2013 and 2012, respectively, as a result of changes of prior fiscal year estimates of cost report settlements

NOTE D - CONCENTRATION OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements The mix of receivables from patients and third-party payors is as follows for the fiscal years ended June 30

	2013	2012
Medicare	44%	45%
Medicaid	10	6
Blue Cross	16	16
Commercial insurance	9	11
Self-pay and other payors	21	22
	100%	100%

NOTE E - PROPERTY AND EQUIPMENT

At June 30, 2013 and 2012, property and equipment, including additions and disposals, consisted of the following

	Balance at June 30, 2012	Additions	Reductions	Transfer of CIP	Balance at June 30, 2013
Land and land improvements	$ 8,474,456	$ 961,361	$ -	$ -	$ 9,435,817
Building and building improvements	138,744,456	5,015,764	-	1,140,543	144,900,763
Furniture, fixtures, and equipment	108,390,758	5,282,952	(786,759)	6,646,590	119,533,541
	255,609,670	11,260,077	(786,759)	7,787,133	273,870,121
Accumulated depreciation	(181,970,628)	(13,428,140)	736,203	-	(194,662,565)
	73,639,042	(2,168,063)	(50,556)	7,787,133	79,207,556
Construction in progress ("CIP")	1,758,676	7,777,322	-	(7,787,133)	1,748,865
	$ 75,397,718	$ 5,609,259	$ (50,556)	$ -	$ 80,956,421

	Balance at June 30, 2011	Additions	Reductions	Transfer of CIP	Balance at June 30, 2012
Land and land improvements	$ 8,189,627	$ 284,829	$ -	$ -	$ 8,474,456
Building and building improvements	137,261,527	1,235,129	(2,375)	250,175	138,744,456
Furniture, fixtures, and equipment	102,688,459	4,977,125	(1,394,333)	2,119,507	108,390,758
	248,139,613	6,497,083	(1,396,708)	2,369,682	255,609,670
Accumulated depreciation	(170,358,551)	(12,957,807)	1,345,730	-	(181,970,628)
	77,781,062	(6,460,724)	(50,978)	2,369,682	73,639,042
Construction in progress ("CIP")	2,082,293	2,046,065	-	(2,369,682)	1,758,676
	$ 79,863,355	$ (4,414,659)	$ (50,978)	$ -	$ 75,397,718

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

At June 30, 2013 and 2012, long-term debt and other long-term liabilities, including additions and reductions, consisted of the following

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	$ -	$ -	$ -	$ -	$ -
2011 Compass Loan	36,735,000	-	2,160,882	34,574,118	2,160,882
2013 Compass Loan	-	5,100,000	-	5,100,000	561,000
Note payable - bank, RHMC	122,565	-	122,565	-	-
Subtotal bonds and notes payable	36,857,565	5,100,000	2,283,447	39,674,118	2,721,882
Less					
Unamortized loss on current refundings	(965,284)	-	(107,190)	(858,094)	(105,721)
Total bonds and notes payable	35,892,281	5,100,000	2,176,257	38,816,024	2,616,161
Other long-term liabilities					
Accrued professional liability claims	1,121,173	-	555,851	565,322	-
Accrued workers' compensation claims	81,000	-	-	81,000	-
Other	68,684	-	68,685	(1)	-
Total other long-term liabilities	1,270,857	-	624,536	646,321	-
Total long-term liabilities	$ 37,163,138	$ 5,100,000	$ 2,800,793	$ 39,462,345	$ 2,616,161

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	$ 36,735,000	$ -	$ 36,735,000	$ -	$ -
2011 Compass Loan	-	36,735,000		36,735,000	2,160,882
Note payable - bank, RHMC	383,217	-	260,652	122,565	122,565
Subtotal bonds and notes payable	37,118,217	36,735,000	36,995,652	36,857,565	2,283,447
Less					
Unamortized loss on current refundings	-	-	-	(965,284)	(107,190)
Total bonds and notes payable	37,118,217	36,735,000	36,995,652	35,892,281	2,176,257
Other long-term liabilities					
Accrued professional liability claims	1,559,801	-	438,628	1,121,173	-
Accrued workers' compensation claims	135,000	-	54,000	81,000	-
Other	150,926	-	82,242	68,684	-
Total other long-term liabilities	1,845,727	-	574,870	1,270,857	-
Total long-term liabilities	$ 38,963,944	$ 36,735,000	$ 37,570,522	$ 37,163,138	$ 2,176,257

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

On March 5, 2013, the Board entered into a $5,100,000 note payable ("the 2013 Note Payable") for the purpose of acquisition and improvement of QHG Interest is payable monthly at a fixed rate of 2 26% The note requires annual principal repayments on March 1, and matures on March 1, 2023

On August 1, 2011, the Board entered into a $36,735,000 note payable ("the 2011 Note Payable) for the purpose of refunding $36,735,000 of then-outstanding Series 1998 Bonds Interest is payable monthly at a rate of 65% of LIBOR plus 1 54% The note requires annual debt service payments with final payment due on August 1, 2021

As a result of the refunding, the Board recorded a loss of $1,057,205, which is included in long-term debt on the balance sheet This loss is being amortized over 10 years The unamortized balance was $858,094 as of June 30, 2013 The refunding resulted in a positive cash flow of $10,396,517 and an economic gain of $436,048

The Board entered into an interest rate swap agreement to modify the interest characteristics of the debt outstanding under this note payable The Agreement involves the receipt of amounts based on a variable interest rate in exchange for payments to the counterparty based on a fixed interest rate over the life of the agreement, with notional amounts equal to the outstanding balance of the note payable through the term of the note (see Note G)

On June 30, 1998, the Board issued $50,000,000 of Series 1998-A Bonds ("the Series 1998 Bonds") The proceeds were used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions The Series 1998 Bonds were subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption The Board refunded all of the Series 1998 Bonds in conjunction with the issuance of the 2011 note payable

In connection with the issuance of the 2011 note payable and the 2013 note payable, the Board is required to maintain certain minimum financial ratios, including debt service coverage, historical pro forma debt service coverage, and a cushion ratio The Board was in compliance with debt covenants as of June 30, 2013 and 2012

Note payable - bank, RHMC consisted of a 5 43%, note payable, due in monthly installments of $24,915, including interest, and matured on March 4, 2013 The note payable was guaranteed by the Board

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

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

	Principal	Interest	Hedging Derivatives, net	Total
2014	$ 2,721,882	$ 730,985	$ 531,389	$ 3,984,256
2015	2,772,883	596,085	495,963	3,864,931
2016	2,777,132	546,191	460,537	3,783,860
2017	2,794,133	495,985	425,111	3,715,229
2018	2,798,382	445,609	389,686	3,633,677
2019 to 2023	25,809,706	1,070,598	956,500	27,836,804
	$ 39,674,118	$ 3,885,453	$ 3,259,186	$ 46,818,757

As previously noted, the unamortized loss on refunding of debt is included in long-term debt on the balance sheet, however this amount is not included in the repayments above

NOTE G - DERIVATIVE INSTRUMENTS

In order to hedge the cash flows associated with the 2011 Compass Loan, the Board entered into an interest rate swap agreement with Compass Bank As of June 30, 2013, the swap transaction had a notional amount of $34,574,118, and requires the Board to pay a fixed rate of 3 305% and the counterparty to pay 65% of the one-month London Inter-bank Offered Rate ("LIBOR") The swap transaction was entered into on August 19, 2011, and is scheduled to terminate on August 1, 2028 Only the net difference in interest payments is actually exchanged with the counterparty

The swap arrangements qualified as an effective interest rate hedge at June 30, 2013 and 2012 The fair value of the swap at June 30, 2013 and 2012 was a liability of $258,013 and $1,516,802, respectively The fair value of the interest rate swap is determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets The related amount payable to the counterparty is included in long-term liabilities along with the proper offsetting deferred charge in other assets on the combined balance sheets The counterparty is Baa3 rated by Moody's

The Board is exposed to basis risk on its interest rate swap Basis risk is the difference between the interest rate on the underlying debt and 65% of one-month LIBOR The Board pays a fixed rate of 3 305% on the underlying debt and receives 65% of one-month LIBOR on the swap

The Board or its counterparty may terminate the interest rate swap if the other party fails to perform under the terms on the contract If at the time of termination, the swap is in a liability position, the Board would be liable to the counterparty for a payment equal to the liability

NOTE H - NET PATIENT ACCOUNTS RECEIVABLE

The components of net patient accounts receivable, were as follows at June 30

	2013	2012
Receivable from patients and their insurance carriers	$ 65,173,333	$ 50,383,104
Receivable from Medicare	53,463,553	34,587,154
Receivable from Medicaid	13,338,109	4,718,707
Total patient accounts receivable	131,974,995	89,688,965
Less allowance for contractual adjustments	80,034,930	51,752,743
Less allowance for uncollectible accounts	31,200,077	23,052,225
Net patient accounts receivable	$ 20,739,988	$ 14,883,997

NOTE I - RETIREMENT PLANS

The Medical Center has a trusteed noncontributory defined benefit pension plan in which all employees employed prior to May 1, 2007, who have completed one year (1,000 hours or more per year) of service as of April 30, 2008 and have met the age requirements, are eligible to participate The Plan is not required to issue a stand-alone financial report The Medical Center's funding policy is to contribute amounts based on periodic actuarial valuations and recommendations Assets held by the plan include cash equivalents (money market funds), government securities, nongovernment bonds, and corporate stocks

Annual Pension Cost and Net Pension Asset (Liability)

The Medical Center's annual pension cost and net pension asset (liability) for the fiscal years ended June 30, 2013 and 2012, were as follows

	2013	2012
Annual required contribution	$ 2,509,250	$ 2,445,477
Interest on net pension obligation	6,346	(15,970)
Adjustment to annual required contribution	(9,586)	25,083
Annual pension cost	2,506,010	2,454,590
Contributions made	2,672,481	2,132,000
Change in net pension asset (liability)	166,471	(322,590)
Net pension asset (liability) - beginning of fiscal year	(84,619)	237,971
Net pension asset (liability) - end of fiscal year	$ 81,852	$ (84,619)

NOTE I - RETIREMENT PLANS (Continued)

Annual Pension Cost and Net Pension Asset (Liability) (Continued)

The following is a summary of required information

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Asset (Liability)
June 30, 2011	$ 2,297,689	102 47%	$ 237,971
June 30, 2012	$ 2,454,590	86 86%	$ (84,619)
June 30, 2013	$ 2,506,010	106 64%	$ 81,852

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
May 1, 2010	$ 32,713,170	$ 37,949,443	$ 5,236,273	86 20%	$ 36,085,357	14 51%
May 1, 2011	$ 34,257,160	$ 41,595,192	$ 7,338,032	82 36%	$ 32,017,861	22 92%
May 1, 2012	$ 35,600,764	$ 44,251,837	$ 8,651,073	80 45%	$ 31,763,543	27 24%

The annual required contribution for the current year was determined as part of a May 1, 2012 actuarial valuation using the "projected unit credit" method The actuarial assumptions included (a) a rate of increase in compensation levels of 3% for fiscal years 2013 and 2012, and (b) expected long-term rate of return on plan assets of 7 5% for fiscal years 2013 and 2012 Variances between actual experience and assumptions for costs and returns on assets which exceed the 10% corridor are amortized over the average expected vested working lives of employees in the plan

The Hospital has a 403(b) defined contribution plan for employees hired after May 1, 2007 Effective January 1, 2013, the Medical Center added an additional 403(b) plan for all employees hired after January 1, 2013 Employer contributions are based on years of service and employees will become 100% vested after completing five years of service Eligible employees may contribute a portion of their annual compensation The Hospital contributed approximately $556,000 and $432,000 to the plan in fiscal years 2013 and 2012, respectively

NOTE J - OPERATING LEASES

Total rental expenses for all operating leases for the fiscal years ended June 30, 2013 and 2012, amounted to $1,136,804 and $721,084, respectively The following is a schedule of future minimum lease payments under all operating leases having initial or remaining noncancelable lease terms in excess of one year

Fiscal Year	
2014	$ 687,659
2015	561,665
2016	520,217
2017	288,684
2018	109,542
Thereafter	153,485
	$ 2,321,252

NOTE K - RENTAL INCOME

The Board rents office space to various parties, primarily to practicing physicians and surgeons Total rental income was $1,244,202 and $1,211,201 for the fiscal years ending June 30, 2013 and 2012, respectively Minimum future rental income under noncancelable operating lease agreements is as follows

Fiscal Year	
2014	$ 171,275
2015	128,235
2016	45,422
2017	9,824
	$ 354,756

Property and equipment comprising the rentable properties at June 30 was as follows

	2013	2012
Land improvements	$ 521,527	$ 521,448
Buildings	13,157,797	12,984,636
Fixed equipment	6,365,605	6,297,014
	20,044,929	19,803,098
Less accumulated depreciation	13,458,458	12,883,331
	$ 6,586,471	$ 6,919,767

NOTE L - COMMITMENTS AND CONTINGENCIES

At June 30, 2013, lawsuits have been filed against the Medical Center claiming alleged personal and punitive damages While the outcome of these lawsuits is not presently determinable, it is the opinion of management that the ultimate resolution of these claims will not have a material effect on the accompanying combined financial statements

Effective June 12, 2003, the Medical Center is insured for medical malpractice claims through a claims-made insurance policy Such coverage had a deductible of $1,000,000 per claim until June 12, 2010, when the deductible was decreased to $25,000 per claim The Medical Center has recorded an accrual for its deductible as well as claims incurred prior to June 30, 2013, but not reported prior to that date based on historical experience This accrual is recorded in other long-term liabilities on the accompanying combined balance sheets

Effective May 1, 2003, the Medical Center is insured for workers' compensation claims through a claims-incurred insurance policy with Healthcare Workers' Compensation Self Insurance Fund Such coverage has a deductible of $250,000 per claim and is limited to claims incurred during the policy period

At June 30, 2013, the Medical Center had entered into commitments for equipment and property additions totaling approximately $1,182,000

NOTE M - INVESTMENT IN UNCOMBINED ENTITY

Effective January 1998, the Medical Center authorized, upon becoming the sole member of Regional Health Services, Inc , a noninterest-bearing advance to Regional Health Services, Inc not to exceed $4,000,000 Additionally, effective August 2000, the Medical Center authorized a second noninterest-bearing advance to Regional Health Services, Inc not to exceed $1,000,000 The Affiliate, through its subsidiary, Regional Health Management Corporation ("RHMC"), has used the funds from the advances to partially finance a joint venture with local physicians The funds were used for the construction and operations of The Surgery Center, LLC (the "LLC"), an outpatient surgery center in Oxford, Alabama, that began operations in May 2000

During 2005, RHMC obtained a note payable from a bank The proceeds from this note payable were used to pay down amounts owed to the Medical Center RHMC accounts for the investment in the uncombined entity using the equity method of accounting RHMC's investment in the uncombined entity, was $3,267,495 and $3,229,864 at June 30, 2013 and 2012, respectively RHMC has a 50% interest in the uncombined entity

NOTE M - INVESTMENT IN UNCOMBINED ENTITY (Continued)

The results of operations and financial position of the LLC are summarized below

	2013	2012
Condensed statements of operations		
Net patient service revenue	$ 7,714,680	$ 7,887,148
Operating income	$ 1,404,386	$ 1,299,315
Revenues in excess of expenses	$ 1,307,369	$ 1,182,293
Condensed balance sheet information		
Current assets	$ 1,139,899	$ 1,031,460
Property and equipment, net	5,552,151	5,966,814
Total assets	$ 6,692,050	$ 6,998,274
Current liabilities	$ 490,497	$ 739,414
Noncurrent liabilities	2,088,689	2,221,258
Equity	4,112,864	4,037,602
Total liabilities and equity	$ 6,692,050	$ 6,998,274

NOTE N - EMPLOYEE MEDICAL SELF-INSURANCE

The Board is self-insured for employee health claims The plan is administered by a third party and includes per person stop loss coverage Health insurance expense totaled $4,894,963 and $6,127,849 for the fiscal years ended June 30, 2013 and 2012, respectively The Board has accrued an estimate of its liability for amounts due for incurred but not reported claims in accounts payable in the accompanying combined financial statements

NOTE O - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values The carrying value of the Board's investments presented in Note B also approximates fair value The Board's debt is a variable rate note, so the carrying value approximates fair value

NOTE P - ACQUISITIONS

On December 31, 2012, the Board acquired 100% of the ownership interest of QHG of Jacksonville Inc ("QHG"), and Jacksonville Holdings, Inc ("JHI"), which together owned and operated Jacksonville Medical Center, an 89-bed acute care hospital, and three medical office buildings and other healthcare facilities, for approximately $6 million in cash and working capital acquired of approximately $3 million The Board operates the former Jacksonville Medical Center as Regional Medical Center Jacksonville ("RMCJ") and transferred the assets of JHI to the subsidiary of their Affiliate, RHMC The acquisition included all of the assets of QHG and JHI, including land, land improvements, buildings, equipment, and receivables In addition, the Board assumed accounts payable and accrued expenses of QHG and JHI The acquisition value of the net position acquired as of December 31, 2012 was determined to be approximately $13,466,000 The acquisition values of land, land improvements, buildings, and equipment were reduced to eliminate the excess net position received The Board's financial statements include the result of operations of QHG and JHI since the acquisition date

During FY 2012, RHMC acquired three healthcare clinics The Board acquired one clinic Goodwill was recorded as the excess of cost over the fair value of the assets purchased Goodwill will be assessed for impairment annually RHMC's financial statements include the result of operations of the clinics since the acquisition dates The assets acquired were as follows

Inventory	$ 7,000
Property and Equipment	$ 1,086,984
Consideration	$ 1,358,836
Assigned to Goodwill	$ 264,852

NOTE Q - CONDENSED COMBINING INFORMATION

Due to the implementation of new accounting guidance discussed in Note B, the Board and Affiliate is required to disclose condensed combining information to distinguish between the Board and its blended component units, QHG and RHS A schedule summarizing the combining information for the years ended June 30, 2013 and 2012 are as follows

	2013 Board	2013 QHG	2013 RHS	2013 Eliminations	2013 Combined
Current assets	$ 29,371,302	$ 4,045,060	$ 510,082	$ -	$ 33,926,444
Noncurrent cash and investments	66,517,246	-	-	-	66,517,246
Other assets	89,430,502	6,861,188	7,291,264	(17,948,168)	85,634,786
Total assets	$ 185,319,050	$ 10,906,248	$ 7,801,346	$ (17,948,168)	$ 186,078,476
Current liabilities	$ 18,676,593	$ 1,958,715	$ 848,456	$ (362,273)	$ 21,121,491
Long-term liabilities	37,104,197	9,525,030	7,837,848	(17,362,878)	37,104,197
Total liabilities	55,780,790	11,483,745	8,686,304	(17,725,151)	58,225,688
Total net position	129,538,260	(577,497)	(884,958)	(223,017)	127,852,788
Total liabilities and net position	$ 185,319,050	$ 10,906,248	$ 7,801,346	$ (17,948,168)	$ 186,078,476

	2013 Board	2013 QHG	2013 RHS	2013 Eliminations	2013 Combined
Net patient service revenue	$ 134,746,746	$ 10,359,320	$ 5,941,762	$ -	$ 151,047,828
Other revenue	8,724,100	165,292	210,732	-	9,100,124
Total revenue, gains and other support	143,470,846	10,524,612	6,152,494	-	160,147,952
Depreciation	12,847,203	334,455	246,482	-	13,428,140
Other operating expenses	132,892,807	10,767,001	8,511,889	-	152,171,697
Total operating expenses	145,740,010	11,101,456	8,758,371	-	165,599,837
Operating loss	(2,269,164)	(576,844)	(2,605,877)	-	(5,451,885)
Nonoperating income (expense)	(631,488)	(690)	429,912	(223,015)	(425,281)
Deficiency of revenues, gains, and other support over expenses	(2,900,652)	(577,534)	(2,175,965)	(223,015)	(5,877,166)
Net position, beginning of fiscal year	132,438,952	-	1,291,002	-	133,729,954
Net position, end of fiscal year	$ 129,538,300	$ (577,534)	$ (884,963)	$ (223,015)	$ 127,852,788

NOTE Q - CONDENSED COMBINING INFORMATION (Continued)

	2013 Board	2013 QHG	2013 RHS	2013 Eliminations	2013 Combined
Net cash provided by operating activities	$ 7,144,426	$ (2,316,331)	$ (1,849,676)	$ -	$ 2,978,419
Cash flows from non-capital financing activities	$ 5,542	$ -	$ -	$ -	$ 5,542
Net cash used in capital and related financing activities	$ (16,008,437)	$ 2,330,009	$ 3,103,384	$ -	$ (10,575,044)
Net cash provided by investing activities	$ 3,685,647	$ -	$ (1,377,507)	$ -	$ 2,308,140
Cash and cash equivalents, beginning of year	$ 10,911,453	$ -	$ 253,948	$ -	$ 11,165,401
Cash and cash equivalents, end of year	$ 5,738,631	$ 13,678	$ 130,149	$ -	$ 5,882,458

NOTE Q - CONDENSED COMBINING INFORMATION (Continued)

	2012 Board	2012 RHS	2012 Eliminations	2012 Combined
Current assets	$ 32,854,041	$ 1,262,344	$ -	$ 34,116,385
Noncurrent cash and investments	72,046,764	-	-	72,046,764
Other assets	80,754,801	5,438,723	(4,999,427)	81,194,097
Total assets	$ 185,655,606	$ 6,701,067	$ (4,999,427)	$ 187,357,246
Current liabilities	$ 16,655,352	$ 4,282,311	$ (3,898,673)	$ 17,038,990
Long-term liabilities	36,561,302	1,127,754	(1,100,754)	36,588,302
Total liabilities	53,216,654	5,410,065	(4,999,427)	53,627,292
Total net position	132,438,952	1,291,002	-	133,729,954
Total liabilities and net position	$ 185,655,606	$ 6,701,067	$ (4,999,427)	$ 187,357,246

	2012 Board	2012 RHS	2012 Eliminations	2012 Combined
Net patient service revenue	$ 138,150,438	$ 2,306,585	$ -	$ 140,457,023
Other revenue	6,563,331	128,515	-	6,691,846
Total revenue, gains and other support	144,713,769	2,435,100	-	147,148,869
Depreciation	12,813,878	143,929	-	12,957,807
Other operating expenses	132,607,880	4,683,171	-	137,291,051
Total operating expenses	145,421,758	4,827,100	-	150,248,858
Operating loss	(707,989)	(2,392,000)	-	(3,099,989)
Nonoperating income (expense)	2,383,850	632,342	-	3,016,192
Deficiency of revenues, gains, and other support over expenses	1,675,861	(1,759,658)	-	(83,797)
Net position, beginning of fiscal year	130,763,091	3,050,660	-	133,813,751
Net position, end of fiscal year	$ 132,438,952	$ 1,291,002	$ -	$ 133,729,954

NOTE Q - CONDENSED COMBINING INFORMATION (Continued)

	2012 Board	2012 RHS	2012 Eliminations	2012 Combined
Net cash provided by operating activities	$ 14,610,006	$ (3,022,881)	$ -	$ 11,587,125
Cash flows from non-capital financing activities	$ 12,153	$ -	$ -	$ 12,153
Net cash used in capital and related financing activities	$ (13,981,252)	$ 4,263,520	$ -	$ (9,717,732)
Net cash provided by investing activities	$ 5,483,183	$ (1,152,834)	$ -	$ 4,330,349
Cash and cash equivalents, beginning of year	$ 4,787,363	$ 166,143	$ -	$ 4,953,506
Cash and cash equivalents, end of year	$ 10,911,453	$ 253,948	$ -	$ 11,165,401

NOTE R - SUBSEQUENT EVENTS

The Board evaluated all events and transactions that occurred after June 30, 2013 through October 15, 2013, the date that the financial statements were available to be issued During this period, the Board did not have any material recognizable subsequent events