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Part IIISTatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

WAKEMED PROVIDES OUTSTANDING AND COMPASSIONATE CARE TO ALL WHO SEEK OUR SERVICES WE ARE COMMITTED TO THE HEALTH AND WELLNESS OF THE COMMUNITIES WE SERVE BY PROVIDING PREVENTATIVE, DIAGNOSTIC, IN/OUT PATIENT, REHABILITATIVE AND SKILLED NURSING CARE TO ALL REGARDLESS OF THE ABILITY TO PAY

2Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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

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

If “Yes,” describe these changes on Schedule O

4Describe 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 \$ 236,020,175 including grants of \$ 0 ) (Revenue \$ 233,015,716 )
SURGICAL SERVICES - WAKEMED OFFERS SURGICAL SERVICES IN FOUR LOCATIONS, WAKEMED RALEIGH CAMPUS, WAKEMED CARY HOSPITAL, WAKEMED NORTH HEALTHPLEX AND CAPITAL CITY SURGERY CENTER, OF WHICH WAKEMED IS INVESTED ALL OF THESE FACILITIES PROVIDE SURGICAL SERVICES TO ALL WHO SEEK CARE REGARDLESS OF THEIR ABILITY TO PAY BY HAVING IN/OUT PATIENT SERVICES THROUGHOUT THE COUNTY, WAKEMED HAS IMPROVED ACCESS TO THESE NEEDED SERVICES WAKEMED HAS A BROAD RANGE OF SURGEONS WHO PERFORM PROCEDURES AT THESE LOCATIONS AND THE VOLUME CONTINUES TO INCREASE AS WAKE COUNTY'S ONLY STATE DESIGNATED LEVEL 1 TRAUMA CENTER, COMPREHENSIVE SURGICAL SERVICES WITH TRAUMA SURGEONS IN A VARIETY OF SPECIALTIES LIKE GENERAL TRAUMA SURGERY, ORTHOPEDICS, NEUROSURGERY, VASCULAR SURGERY ARE KEY TO PROVIDING THE COMMUNITY WITH THIS MUCH NEEDED SERVICE ACCESS TO SPECIALTY CARE CONTINUES TO BE ONE OF THE KEY HEALTH CONCERNS FACING OUR COMMUNITY WAKEMED HAS EXPANDED ITS NETWORK OF SPECIALISTS THROUGH WAKEMED FACULTY PHYSICIANS, ONE OF THE KEY GROUPS OF PHYSICIANS WHO PROVIDE SUBSPECIALTY CARE TO THE UNINSURED AND UNDER INSURED IN OUR COMMUNITY WAKEMED WORKS WITH THE PATIENT TO PROVIDE DISCOUNTED FEES BASED ON INCOME AND NEED MANY PHYSICIANS ON THE MEDICAL STAFF CONTINUE THIS PRACTICE OF PROVIDING QUALITY CARE TO PATIENTS, REGARDLESS OF ABILITY TO PAY LAST YEAR, 35 9% WERE INSURED UNDER MEDICARE, 14 3% WERE INSURED UNDER MEDICAID AND 6 3% WERE UNINSURED (OR "SELF PAY OR CHARITY CARE")	

4b	(Code ) (Expenses \$ 184,009,442 including grants of \$ 0 ) (Revenue \$ 191,925,853 )
HEART SERVICES - WAKEMED'S HEART AND VASCULAR PROGRAM IS NOT ONLY THE LARGEST, BUT ONE OF THE MOST WELL RESPECTED CARDIOVASCULAR PROGRAMS IN NORTH CAROLINA LAST YEAR, MORE THAN 22,000 CARDIOVASCULAR PROCEDURES WERE PERFORMED PROCEDURES INCLUDED SURGERY, DIAGNOSTIC AND INTERVENTIONAL CARDIAC CATHETERIZATION AND ELECTROPHYSIOLOGY STUDIES WERE PERFORMED AND THOUSANDS OF OTHERS WERE TREATED MEDICALLY AS IN/OUT PATIENTS THROUGHOUT THE SYSTEM HEART DISEASE REMAINS THE SECOND LEADING CAUSE OF DEATH IN WAKE COUNTY ADDITIONALLY, THE COUNTY'S 2013 HEALTH ASSESSMENT IDENTIFIED MANAGEMENT OF CHRONIC DISEASES RELATED TO CARDIOVASCULAR PROBLEMS OF PARAMOUNT IMPORTANCE TO WAKE COUNTY'S RESIDENTS' OVERALL HEALTH WAKEMED'S HEART CENTER HAS MADE SIGNIFICANT STRIDES IN PROGRAMS AND SERVICES AIMING TO REDUCE HEART DISEASE AND DIABETES, IMPROVE STROKE OUTCOMES AND IMPROVE PATIENTS' UNDERSTANDING OF DISEASE MANAGEMENT THE WAKEMED HEART CENTER PROVIDES A COMPREHENSIVE CONTINUUM OF CARE FOR THE CARDIAC PATIENT FROM OUTREACH EDUCATION AND PREVENTION TO DIAGNOSIS, INTERVENTION, SURGERY, CARDIAC REHABILITATION AND ONGOING DISEASE MANAGEMENT FOR HEART FAILURE AND DIABETES FREE EDUCATION PROGRAMS ARE OFFERED REGULARLY FOR OUR PATIENTS, THEIR FAMILY MEMBERS AND THE COMMUNITY TO COMPLEMENT OUR COMPREHENSIVE CARE SERVICES OUR INTENTIONS ARE TO TEACH THE PATIENT ABOUT THEIR RISK FACTORS FOR HEART DISEASE AND ENCOURAGE HEALTHY BEHAVIORS THROUGH LIFESTYLE CHANGES, THUS BUILDING A FOUNDATION FOR A HEALTHIER POPULATION ALL OF WAKEMED'S EMERGENCY DEPARTMENTS ARE CERTIFIED CHEST PAIN CENTERS AND WAKEMED RALEIGH CAMPUS AND CARY HOSPITAL ARE DESIGNATED PRIMARY STROKE CENTERS BOTH WAKEMED RALEIGH CAMPUS AND WAKEMED CARY HOSPITAL HAVE RECEIVED THE AMERICAN COLLEGE OF CARDIOLOGY FOUNDATION'S NCDR ACTION REGISTRY-GWTG PLATINUM PERFORMANCE ACHIEVEMENT AWARD FOR 2012 - TWO OF ONLY 164 HOSPITALS NATIONWIDE TO DO SO BOTH HOSPITALS HAVE ALSO RECEIVED THE GET WITH THE GUIDELINES - HEART FAILURE GOLD QUALITY ACHIEVEMENT AWARD FROM THE AMERICAN HEART ASSOCIATION THE RECOGNITION SIGNIFIES THAT WAKEMED HAS REACHED AN AGGRESSIVE GOAL OF TREATING HEART FAILURE PATIENTS ACCORDING TO THE GUIDELINES OF CARE RECOMMENDED BY THE AMERICAN HEART ASSOCIATION/ AMERICAN COLLEGE OF CARDIOLOGY IN ADDITION, WAKEMED RALEIGH CAMPUS RECEIVED THE AMERICAN HEART ASSOCIATION'S MISSION LIFELINE GOLD QUALITY ACHIEVEMENT AWARD STEMI RECEIVING CENTER THE AWARD RECOGNIZES WAKEMED'S COMMITMENT AND SUCCESS IN IMPLEMENTING THE HIGHEST STANDARD OF CARE FOR HEART ATTACK PATIENTS HOSPITALS INVOLVED IN MISSION LIFELINE ARE PART OF A SYSTEM THAT MAKES SURE STEMI PATIENTS GET THE RIGHT CARE THEY NEED, AS QUICKLY AS POSSIBLE THE AWARD RECOGNIZES WAKEMED'S COMMITMENT AND SUCCESS IN IMPLEMENTING A HIGHER STANDARD OF CARE FOR HEART ATTACK PATIENTS AND SIGNIFIES THAT WAKEMED HAS REACHED AN AGGRESSIVE GOAL OF TREATING THESE PATIENTS TO STANDARD LEVELS OF CARE AS OUTLINED BY THE AMERICAN COLLEGE OF CARDIOLOGY/AMERICAN HEART ASSOCIATION CLINICAL GUIDELINES AND RECOMMENDATIONS SUPPORTING THESE INITIATIVES, WAKEMED MOBILE CRITICAL CARE SERVICES PROVIDES CRITICAL CARE TRANSPORTATION HELPING PATIENTS WHO NEED IMMEDIATE INTERVENTION OR ACUTE CARE ACCESS THE SERVICES OF THE HEALTH SYSTEM SERVING THE REGION AND ALL OF NORTH CAROLINA, MOBILE TRANSPORTS APPROXIMATELY 1,300 CRITICALLY ILL PATIENTS EACH MONTH, IT IS THE BUSIEST INTER-FACILITY GROUND TRANSPORT SERVICE IN THE STATE EACH YEAR, WAKEMED'S HEART CENTER PROVIDES FREE HEALTH SCREENINGS INCLUDING CHOLESTEROL SCREENINGS, BLOOD PRESSURE CHECKS, VASCULAR SCREENINGS AND STROKE ASSESSMENTS THROUGHOUT THE COMMUNITY THESE SCREENINGS ARE DESIGNED TO BE A SECONDARY PREVENTION ACTIVITY TO DETECT EARLY ONSET OF DISEASE OR ILLNESS WAKEMED CONDUCTS TRAINING FOR THE PROGRAM CPR ANYTIME AT MULTIPLE LOCATIONS IN WAKE COUNTY, AND PROVIDES CPR ANYTIME KITS THROUGHOUT THE COMMUNITY AT MORE THAN 70 PERCENT DISCOUNTED COST LAST FISCAL YEAR, 58 9% WERE INSURED UNDER MEDICARE, 7 3% WERE INSURED UNDER MEDICAID, AND 6 1% OF PATIENTS WERE UNINSURED	

4c	(Code ) (Expenses \$ 98,495,712 including grants of \$ 0 ) (Revenue \$ 127,996,380 )
EMERGENCY SERVICES - ACCESS TO AFFORDABLE CARE CONTINUES TO BE A CRITICAL CHALLENGE FACING WAKE COUNTY'S RESIDENTS ONE OF THE MANY WAYS WAKEMED HAS IMPROVED ACCESS FOR WAKE COUNTY RESIDENTS IS THROUGH OUR MULTIPLE LOCATIONS AND PHYSICIANS' OFFICES THROUGHOUT THE COMMUNITY OVER THE PAST COUPLE OF YEARS, WAKEMED HAS OPENED FULL SERVICE, STAND ALONE EMERGENCY DEPARTMENTS, WHICH ARE GEOGRAPHICALLY SPREAD THROUGHOUT THE COUNTY, INCREASING CONVENIENT ACCESS TO EMERGENCY CARE FOR PATIENTS TODAY, THERE ARE SEVEN EMERGENCY DEPARTMENTS WAKEMED IS AMONG THE TOP THREE VOLUME PROVIDERS OF EMERGENCY CARE IN NORTH CAROLINA ITS SIX ADULT EMERGENCY DEPARTMENTS ARE LOCATED THROUGHOUT WAKE COUNTY OUR CHILDREN'S EMERGENCY DEPARTMENT IN RALEIGH IS THE ONLY CHILDREN'S ED IN THE COUNTY WAKEMED'S RALEIGH CAMPUS IS ALSO THE HOME TO WAKE COUNTY'S ONLY LEVEL 1 TRAUMA CENTER, THE HIGHEST DESIGNATION AWARDED TO TRAUMA CENTERS IN NORTH CAROLINA OUR TRAUMA SERVICE INCLUDES A COMPREHENSIVE RESEARCH PROGRAM, INJURY PREVENTION PROGRAMS, FELLOWSHIP TRAINED TRAUMA SURGEONS ON-SITE 24/7, A MULTI-DISCIPLINARY TEAM OF PROFESSIONALS, THE CLINICAL SUPPORT OF SIX ADULT INTENSIVE CARE UNITS AND A PEDIATRIC INTENSIVE CARE UNIT, AS WELL AS A COMPREHENSIVE ACUTE, INPATIENT AND OUTPATIENT PHYSICAL REHABILITATION PROGRAM WAKEMED'S EMERGENCY AND TRAUMA SERVICES TREAT ALL PATIENTS WHO PRESENT SEEKING MEDICAL CARE REGARDLESS OF THEIR ABILITY TO PAY IN FY 2013, 17 7% WERE MEDICARE, 22 9% MEDICAID AND 20 4% UNINSURED OVER 43 3% OF ALL PATIENTS SEEN IN OUR EDS ARE EITHER MEDICAID OR UNINSURED RESULTING IN WAKEMED PROVIDING CARE FOR MORE THAN 80 PERCENT OF THE COUNTY'S UNINSURED AND MEDICAID PATIENTS ALL OF THE STAND-ALONE LOCATIONS SERVE AREAS WHICH ARE OTHERWISE UNDERSERVED BY DEDICATED MEDICAL SERVICES	

4d	Other program services (Describe in Schedule O )
	(Expenses \$ 410,874,204 including grants of \$ 1,657,008 ) (Revenue \$ 405,917,217 )
4e	Total program service expenses 929,399,533

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	No
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 Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV 	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	
b	If "Yes," enter the name of the foreign country: CJ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a14		
	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	1b14		
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	NC
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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	MICHAEL DEVAUGHN CFO 3000 NEW BERN AVE RALEIGH, NC (919) 350-0522

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

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

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

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

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

[illegible]



## Part VII

(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			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .							10,408,556	0	967,148	

**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 ▶ 558

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

## Section B. Independent Contractors

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

(A)	(B)	(C)
Name and business address	Description of services	Compensation
UNIVERSITY OF NC HOSPITALS , 211 FRIDAY DR CHAPEL HILL NC 27517	STAFFING/PHYSICIANS	12,715,376
BBH DESIGN PA , 8208 BROWNLEIGH DR 200 RALEIGH NC 27617	DESIGN SERVICES	7,794,339
RILEY CONTRACTING GROUP INC , PO BOX 4948 CARY NC 27519	CONSTRUCTION	6,585,149
HURON CONSULTING GROUP INC , 3005 MOMENTUM PL CHICAGO IL 60689	CONSULTING	4,819,795
NAPOLITANO COMPANY , 90 WEST WIEUCA RD 103 ATLANTA GA 30342	ADVERTISING SVCS	2,947,187

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 ►402

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	2,236			
	e	Government grants (contributions)	1e	4,412,319			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	757,800			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .					
Program Service Revenue	2a	PATIENT SERVICES	Business Code 621500	932,473,848	932,473,848		
	b	NON-PATIENT SERVICES	621500	3,403,587		3,403,587	
	c	CAFETERIA	722210	4,284,341			4,284,341
	d	ALL OTHER PROGRAM SERVICE REVENUE	900099	27,006,183	21,088,512	1,153,468	4,764,203
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .			967,167,959		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		11,514,535		
4		Income from investment of tax-exempt bond proceeds . . . . .		0			
5		Royalties . . . . .		0			
6a		(i) Real					
		722,003					
		(ii) Personal					
b		Less rental expenses		60,377			
c		Rental income or (loss)		661,626	0		
d		Net rental income or (loss) . . . . .		661,626			661,626
7a		(i) Securities					
		470,077,978					
		(ii) Other					
		714,738					
b		Less cost or other basis and sales expenses		467,091,807	361,578		
c		Gain or (loss)		2,986,171	353,160		
d		Net gain or (loss) . . . . .		3,339,331			3,339,331
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
		a					
b		Less direct expenses . . . . .					
c	Net income or (loss) from fundraising events . . . . .		0				
9a	Gross income from gaming activities See Part IV, line 19 . . . . .						
	a						
b	Less direct expenses . . . . .						
c	Net income or (loss) from gaming activities . . . . .		0				
10a	Gross sales of inventory, less returns and allowances . . . . .						
	a						
b	Less cost of goods sold . . . . .						
c	Net income or (loss) from sales of inventory . . . . .		0				
	Miscellaneous Revenue		Business Code				
11a	REVENUE FROM JOINT VENTURES		900099	5,292,806	5,292,806		
b							
c							
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .			5,292,806			
12	Total revenue. See Instructions . . . . .			993,148,612	958,855,166	4,557,055	24,564,036

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	1,657,008	1,657,008		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0	0		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	6,657,244	5,325,795	1,331,449	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	479,941,352	407,950,150	71,991,202	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	23,825,394	20,251,585	3,573,809	
9	Other employee benefits.	39,629,252	33,684,864	5,944,388	
10	Payroll taxes.	33,855,617	28,777,274	5,078,343	
11	Fees for services (non-employees):				
a	Management.	126,400		126,400	
b	Legal.	2,101,725	1,975,621	126,104	
c	Accounting.	266,828	244,281	22,547	
d	Lobbying.	700,506	658,476	42,030	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	1,089,855	1,024,464	65,391	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	79,585,101	74,809,995	4,775,106	
12	Advertising and promotion.	5,800,714	5,452,671	348,043	
13	Office expenses.	36,594,122	34,398,475	2,195,647	
14	Information technology.	15,928,580	14,972,865	955,715	
15	Royalties.	0			
16	Occupancy.	21,713,965	20,411,127	1,302,838	
17	Travel.	1,128,543	1,060,830	67,713	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	1,306,842	1,228,431	78,411	
20	Interest.	12,779,861	12,779,861		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	65,215,349	65,215,349		
23	Insurance.	8,901,854	8,367,743	534,111	
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	138,702,109	138,702,109		
b	REPAIRS/MAINT	21,097,238	16,877,790	4,219,448	
c	MINOR EQ	2,365,905	2,223,951	141,954	
d	MISCELLANEOUS EXPENSES	33,349,806	31,348,818	2,000,988	
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	1,034,321,170	929,399,533	104,921,637	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		384,006	1	49,291
	2	Savings and temporary cash investments		562,996,131	2	499,444,897
	3	Pledges and grants receivable, net		584,497	3	208,443
	4	Accounts receivable, net		160,439,800	4	186,847,670
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		0	7	10,328,141
	8	Inventories for sale or use		19,265,050	8	19,389,002
	9	Prepaid expenses and deferred charges		8,867,737	9	10,112,358
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a1,335,660,114			
	b	Less accumulated depreciation	10b793,352,670	527,372,887	10c	542,307,444
	11	Investments—publicly traded securities		64,405,425	11	45,872,778
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	1,416,406
	15	Other assets See Part IV, line 11		82,084,148	15	85,056,706
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)		1,426,399,681	16	1,401,033,136
Liabilities	17	Accounts payable and accrued expenses		152,799,029	17	137,093,507
	18	Grants payable		0	18	0
	19	Deferred revenue		1,228,004	19	685,078
	20	Tax-exempt bond liabilities		430,725,699	20	454,853,773
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		57,306,758	25	44,100,726
	26	<b>Total liabilities.</b> Add lines 17 through 25		642,059,490	26	636,733,084
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>					
	27	Unrestricted net assets		783,811,065	27	763,772,449
	28	Temporarily restricted net assets		204,142	28	198,371
	29	Permanently restricted net assets		324,984	29	329,232
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>					
	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	<b>Total net assets or fund balances</b>		784,340,191	33	764,300,052
	34	<b>Total liabilities and net assets/fund balances</b>		1,426,399,681	34	1,401,033,136

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	993,148,612
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	1,034,321,170
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	-41,172,558
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	784,340,191
5	Net unrealized gains (losses) on investments . . . . .	5	-1,520,418
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	1,089,855
8	Prior period adjustments . . . . .	8	14,162,686
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	7,400,296
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	764,300,052

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

SCHEDULE A  
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Name of the organization  
WAKEMED

Employer identification number  
56-6017737

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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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



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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization WAKEMED	Employer identification number 56-6017737
-------------------------------------	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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		700,506
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			700,506
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?		No	

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
SCHEDULE C, PART II-B, LINE 1		WAKEMED AND ITS OFFICE OF GOVERNMENT AFFAIRS WORK TO MAINTAIN AND STRENGTHEN EFFECTIVE RELATIONSHIP WITH LEGISLATORS AND POLICY MAKERS ON THE STATE, LOCAL AND NATIONAL LEVELS. THE OBJECTIVE IS TO ENSURE THAT WAKEMED'S POINT OF VIEW IS CONSISTENTLY AND CONTINUALLY HEARD SO THAT LEGISLATION, REGULATIONS AND THE SETTING OF HEALTH POLICY SUPPORT THE ORGANIZATION'S ABILITY TO FULFILL ITS MISSION OF CARE FOR ALL, REGARDLESS OF THE ABILITY TO PAY.

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
WAKEMED

Employer identification number  
56-6017737

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2012

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	324,984	327,535	322,669	316,547	350,781
b Contributions					
c Net investment earnings, gains, and losses	6,008	5,044	5,980	7,328	9,625
d Grants or scholarships					
e Other expenditures for facilities and programs		6,310			42,650
f Administrative expenses	1,760	1,285	1,114	1,206	1,209
g End of year balance	329,232	324,984	327,535	322,669	316,547

2

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

a

Board designated or quasi-endowment

100.000 %

b

Permanent endowment

100.000 %

c

Temporarily restricted endowment

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

3a

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

(i)

unrelated organizations

3a(i)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
-------	------------------------------	-----------------------------

(ii)

related organizations

3a(ii)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
--------	------------------------------	-----------------------------

b

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

3b	<input type="checkbox"/> Yes	<input type="checkbox"/> No
----	------------------------------	-----------------------------

4

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,889,817		3,889,817
b Buildings		590,360,341	230,870,692	359,489,649
c Leasehold improvements		20,231,291	7,607,421	12,623,870
d Equipment		665,950,824	539,687,804	126,263,020
e Other		55,227,841	15,186,753	40,041,088
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				542,307,444



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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4		THE ALLEN TRUST ENDOWMENT FUNDS ARE USED TO PROVIDE POOR AND INDIGENT PATIENTS WITH PRIVATE NURSING CARE. WAKEMED DEFINES POOR AND INDIGENT AS THOSE WITH A FINANCIAL CLASS OF SELF-PAY OR MEDICAID. A SITTER CAN BE EITHER IN THE HOSPITAL OR HOME CARE SETTING.



SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
WAKEMED

Employer identification number  
56-6017737

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Central America and the Caribbean			Investments		60,000
Central America and the Caribbean			CAPTIVE INSURANCE	INSURANCE PREMIUMS/EXP	11,865,381
3a Sub-total					11,925,381
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					11,925,381

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶
- 3 Enter total number of other organizations or entities . . . . . ▶

## Part III

**(a) Type of grant or assistance**

**(b) Region**

(c) Number of recipients

**(d)** Amount of cash grant

**(e) Manner of cash disbursement**

(f) Amount of non-cash assistance

**(g) Description  
of non-cash  
assistance**

**(h)** Method of valuation (book, FMV, appraisal, other)

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes

☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

**Supplemental Information**  
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

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  
WAKEMED

Employer identification number  
56-6017737

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other _____ 250 %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	3b		No
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			80,695,392		80,695,392	7 800 %
b Medicaid (from Worksheet 3, column a) . . . . .			149,483,100	123,833,479	25,649,621	2 480 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			2,426,771	1,920,306	506,465	0 050 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs .			232,605,263	125,753,785	106,851,478	10 330 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			3,491,384	5,318	3,486,066	0 340 %
f Health professions education (from Worksheet 5) . . . .			11,241,947	9,143,385	2,098,562	0 200 %
g Subsidized health services (from Worksheet 6) . . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			812,333		812,333	0 080 %
j <b>Total.</b> Other Benefits . . . .			15,545,664	9,148,703	6,396,961	0 620 %
k <b>Total.</b> Add lines 7d and 7j .			248,150,927	134,902,488	113,248,439	10 950 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development		256,489		256,489	0.020 %
3	Community support		565,681		565,681	0.050 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy		29,321		29,321	
8	Workforce development		1,347,488	52,000	1,295,488	0.130 %
9	Other					
10	Total		2,198,979	52,000	2,146,979	0.200 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

15,401,599

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

0

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

232,189,005

6

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

6

250,793,408

7

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

7

-18,604,403

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	CAP CITY SURGERY CTR	HEALTHCARE	50.000 %	14.510 %
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?  
2

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	WAKEMED RALEIGH CAMPUS 3000 NEW BERN AVENUE RALEIGH,NC 27610 WWW.WAKEMED.ORG	X	X		X			X			A
2	WAKEMED CARY HOSPITAL 1900 KILDAIRE FARM ROAD CARY,NC 27518 WWW.WAKEMED.ORG	X	X					X			A



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

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> 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		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input checked="" type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

21

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1

**Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2

**Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3

**Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4

**Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5

**Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6

**Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7

**State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8

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

Identifier	ReturnReference	Explanation
SUPPLEMENTAL INFORMATION	SCHEDULE H, PART VI	REQUIRED DESCRIPTIONS FINANCIAL ASSISTANCE AND OTHER COMMUNITY BENEFITS AT COST PART I, LINE 7A CHARITY CARE IS REPORTED AS THE SYSTEM'S CHARITY CARE AT COST, USING A COST TO CHARGE RATIO CALCULATED AS IN WORKSHEET 2 PART I, LINE 7B MEDICAID COSTS ARE DERIVED FROM OUR COST ACCOUNTING SYSTEM, WHICH ADDRESSES ALL PATIENT SEGMENTS PART I, LINE 7C COSTS OF OTHER GOVERNMENT PROGRAMS ARE DERIVED FROM OUR COST ACCOUNTING SYSTEM, WHICH ADDRESSES ALL PATIENT SEGMENTS PART I, LINE 7F PER MEDICARE COST REPORT COMMUNITY BUILDING ACTIVITIES PART II WAKEMED IS ACTIVELY INVOLVED IN NOT ONLY IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE, BUT IS ALSO SUPPORTIVE OF COMMUNITY BUILDING ACTIVITIES WAKEMED HAS BEGUN EFFORTS TO IMPROVE THE NEIGHBORHOOD AROUND THE HOSPITAL AND ENCOURAGE REDEVELOPMENT AND PHYSICAL IMPROVEMENTS A COALITION OF LOCAL BUSINESS AND COMMUNITY LEADERS ARE WORKING TO REDUCE CRIME, BEAUTIFY THE AREA, ATTRACT RETAIL BUSINESSES AND RESTAURANTS, AND FOSTER NEW MEDICAL DEVELOPMENT AROUND THE MAIN HOSPITAL CAMPUS IN DOWNTOWN RALEIGH, WHICH IS AN ECONOMICALLY DEPRESSED AREA WE HAVE ALSO INVESTED IN THE WAKE TECHNICAL COMMUNITY COLLEGE FACILITY GROWTH WHICH IS VITAL TO EDUCATING FUTURE NURSES, RADIOLOGY TECHS, EMERGENCY RESPONSE PERSONNEL AND OTHERS OUR WORKFORCE DEVELOPMENT PROGRAM WORKS WITH YOUTH, HEALTH SCIENCE STUDENTS AND THOSE IN A VARIETY OF HEALTH PROFESSIONS PROGRAMS WITH MENTORING, RESIDENCIES, CLINICAL ROTATIONS, AND EDUCATION ALL WITH THE PURPOSE OF PREPARING FOR THE WORKFORCE OF TOMORROW WE PARTNER WITH NUMEROUS COLLEGES, COMMUNITY COLLEGES AND HIGH SCHOOLS THROUGHOUT THE REGION AND OUR CAMPUS IS HOME TO THE WAKE EARLY COLLEGE HIGH SCHOOL WAKEMED IS ALSO HOME TO WAKE AREA HEALTH EDUCATION CENTER, A PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA WHICH PROVIDES ACCREDITED EDUCATION PROGRAMS TO NURSES, ALLIED HEALTH PROFESSIONALS AND PHYSICIANS THROUGHOUT THE REGION WAKEMED ALSO WORKS CLOSELY WITH THE INVESTMENT OF CASH AND EXPERTISE FOR THE EIGHT MUNICIPALITIES IN OUR COUNTY AND THE WAKE COUNTY ECONOMIC DEVELOPMENT COUNCIL TO ATTRACT NEW JOBS AND GROW INDUSTRY AND BUSINESS A HEALTHY ECONOMY ULTIMATELY LEADS TO THE HEALTHIER COMMUNITY OUR COMMUNITY HEALTH IMPROVEMENT ACTIVITIES ARE NUMEROUS AND INCLUDE BEING THE LEAD AGENCY FOR SAFEKIDS, ADVOCATES FOR HEALTH IN ACTION, ENERGIZE, ASTHMA COALITION, ACTION FOR CHILDREN, CAPITAL CARE COLLABORATIVE AND MORE EACH IS WORKING TO SUPPORT PROGRAMS AND POLICIES THAT IMPROVE PUBLIC HEALTH AND ACCESS TO HEALTH CARE THE OVERALL GOAL IS TO MAKE OUR COMMUNITY A HEALTHIER PLACE TO LIVE AND WORK BAD DEBT EXPENSE PART III, LINE 2 THE AMOUNT REPORTED IN PART III, LINE 2 IS THE SYSTEM BAD DEBT AT COST CHARITY AND BAD DEBT ACCOUNTS ARE RECORDED AT CURRENT ACCOUNT BALANCE LEVELS THE BALANCE MAY BE NET OF CONTRACTUAL ALLOWANCES AND/OR PAYMENTS RECEIVED FOR EXAMPLE, BAD DEBT OR CHARITY RESULTING FROM AN UNPAID PATIENT LIABILITY AFTER INSURANCE IS RECORDED AT THE AMOUNT UNPAID BY THE PATIENT BAD DEBT EXPENSE FOOTNOTE IN THE AFS PART III, LINE 4 THE TEXT OF THE FOOTNOTE TO WAKEMED'S FINANCIAL STATEMENTS REGARDING BAD DEBT EXPENSE IS AS FOLLOWS "WAKEMED HAS PRESENTED ITS PROVISION FOR UNCOLLECTIBLE ACCOUNTS AS A DIRECT REDUCTION OF PATIENT SERVICE REVENUE IN ACCORDANCE WITH THE AICPA AUDIT GUIDE FOR HEALTH CARE ORGANIZATIONS BASED ON THE MOST RECENT UPDATE OF THE AUDIT GUIDE'S INTERPRETATION OF THE REQUIREMENTS OF GASB STATEMENT NO 34, GOVERNMENTAL HEALTH CARE ORGANIZATIONS ARE REQUIRED TO PRESENT UNCOLLECTIBLE ACCOUNTS AS A COMPONENT OF NET PATIENT SERVICE REVENUE RATHER THAN WITHIN OPERATING EXPENSES " MEDICARE SHORTFALL AS COMMUNITY BENEFIT PART III, LINE 8 THE MEDICARE ALLOWABLE COSTS WERE DETERMINED FROM THE MEDICARE COST REPORT, AS SPECIFIED IN THE PROVIDER REIMBURSEMENT MANUAL WAKEMED BELIEVES THAT ALL OF THE \$18,604,403 MEDICARE SHORTFALL SHOULD BE CONSIDERED AS COMMUNITY BENEFIT THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS MEDICARE SHORTFALLS MUST BE ABSORBED BY THE WAKEMED HOSPITALS IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITY THIS YEAR, MEDICARE ACCOUNTED FOR 40% OF HOSPITAL REVENUES THE HOSPITAL PROVIDES CARE REGARDLESS OF THIS SHORTFALL AND THEREBY RELIEVES THE FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST FOR MEDICARE BENEFICIARIES IF THE WAKEMED MEDICARE SHORTFALL WERE TREATED AS A COMMUNITY BENEFIT, THE PERCENT OF TOTAL EXPENSES ATTRIBUTABLE TO COMMUNITY BENEFIT WOULD INCREASE FROM 10 95% TO 12 75% COLLECTION PRACTICES PART III, LINE 9B WAKEMED PROVIDES MANY OPPORTUNITIES TO EDUCATE PATIENTS ON OUR FINANCIAL ASSISTANCE PROGRAM PRIOR TO DISCHARGE AND AGAIN ONCE THE FIRST BILL IS RECEIVED IN ORDER TO MAKE SURE WE REACH OUT TO OUR PATIENTS, WE SEND MULTIPLE STATEMENTS EACH STATEMENT REFERENCES THE FINANCIAL ASSISTANCE PROGRAM PATIENTS ARE SCREENED FOR FINANCIAL ASSISTANCE AND ARE GIVEN OPPORTUNITIES TO APPLY IF A PATIENT CHOOSES NOT TO APPLY, OR DOES NOT QUALIFY, THEY ARE GIVEN THE OPPORTUNITY FOR OTHER PAYMENT ARRANGEMENTS AT ANY POINT, IF THE PATIENT DID NOT APPLY AND ENDED UP IN COLLECTIONS DUE TO NON-COMMUNICATION, HOWEVER, EVENTUALLY EXPRESSED INTEREST IN FINANCIAL ASSISTANCE, A FORM IS SUPPLIED THE PATIENT AT THAT POINT DOES HAVE THE OPPORTUNITY TO APPLY AND ALL COLLECTIONS WOULD CEASE THIS IS COMPLETED AT THE POINT IN WHICH THE APPLICATION IS RECEIVED, EVEN IF NOT ALL ADDITIONAL DOCUMENTATION IS PROVIDED COMMUNITY REPRESENTATIVES PART V, SECTION B, LINE 3 AS INDICATED IN THE EXECUTIVE SUMMARY AND CHAPTER 1 OF THE CHNA REPORT WHICH IS ATTACHED, WAKEMED PARTNERED WITH OVER 60 AGENCY AND COMMUNITY PARTNERS IN WAKE COUNTY TO CONDUCT THE COLLABORATIVE COMMUNITY HEALTH NEEDS ASSESSMENT BETWEEN JANUARY AND JUNE OF 2013 THE PURPOSE OF THE PROJECT WAS TO IDENTIFY HEALTH STATUS, CONCERNS AND RESOURCES IN WAKE COUNTY, REPORT FINDINGS, WORK WITH COMMUNITY DETERMINE PRIORITY ISSUES TO BE ADDRESSED AND DEVELOP A COMMUNITY BASED ACTION PLAN TO ADDRESS IDENTIFIED CONCERNS IN ADDITION TO THE INVOLVEMENT OF THE 60 ORGANIZATIONS REPRESENTED IN THE CHNA PLANNING AND IMPLEMENTATION AN ADDITIONAL 452 COMMUNITY MEMBERS WERE ENGAGED IN THE PROCESS THE COMMUNITY HEALTH OPINION SURVEY WAS COMPLETED BY 281 INDIVIDUALS VIA DOOR TO DOOR SURVEY COLLECTION IN 40 CENSUS BLOCKS WITHIN EACH OF THE EIGHT WAKE COUNTY HEALTH SERVICE ZONES, 76 PEOPLE PARTICIPATED IN FOCUS GROUPS AND AN ADDITIONAL 95 ATTENDED COMMUNITY FORUMS NINE FOCUS GROUPS WERE HELD WITH SENIORS, YOUTH, HOMELESS, HISPANIC/LATINOS, SERVICE PROVIDERS IN WAKE COUNTY AS WELL AS PERSONS LIVING WITH MENTAL HEALTH OR SUBSTANCE ABUSE, AND DEVELOPMENTAL DISABILITIES, THOSE LIVING WITH CHRONIC HEALTH CONDITIONS, AND THOSE LIVING WITH PHYSICAL DISABILITIES FIVE COMMUNITY FORUMS WERE HELD THROUGHOUT WAKE COUNTY WHERE RESIDENTS WERE INVITED TO HEAR THE MAIN FINDINGS OF THE ASSESSMENT AND WERE ASKED TO HELP PRIORITIZE THE AREAS OF FOCUS FOR THE NEXT THREE YEARS EACH OF THESE PROCESSES SOUGHT TO INCLUDE A BROAD CROSS SECTION OF THE COMMUNITIES SERVED BY WAKEMED CHNA CONDUCTED WITH OTHER HOSPITALS PART V, SECTION B, LINE 4 WAKE HUMAN SERVICES, DUKE HEALTH RALEIGH, REX HEALTHCARE, WAKE HEALTH SERVICES AND WAKEMED WERE UNDER THE SAME COMMUNITY HEALTH BENEFIT ANALYSIS CHNA REPORT ON THE HOSPITAL'S WEBSITE PART V, SECTION B, LINE 5A THE CHNA CAN BE VIEWED AT THE FOLLOWING WEB LINK HTTP //WWW.WAKEMED.ORG/VIDEOS/ABOUT US/2013 WAKE CHNA FULL REPORT FINAL PDF DID THE HOSPITAL ADDRESS ALL NEEDS IDENTIFIED IN CHNA PART V, SECTION B, LINE 7 OUR CHNA PRIORITIZATION PROCESS RESULTED IN NINE KEY AREAS OF FOCUS, SOME OF WHICH APPLY MORE TO HOSPITALS THAN OTHERS ALTHOUGH ACTIVITIES OF THE TWO FACILITIES ARE HELPING TO ADDRESS ALL OF THE CATEGORIES, SOMETIMES THE EFFECT IS INDIRECT THE NINE FOCUS AREAS IN THE ORDER THAT THEY HAVE BEEN PRIORITIZED ARE AS FOLLOWS 1 POVERTY AND UNEMPLOYMENT - LEVEL 3 2 HEALTH CARE ACCESS AND UTILIZATION - LEVEL 1 3 MENTAL HEALTH AND SUBSTANCE ABUSE - LEVEL 2 4 NUTRITION, PHYSICAL ACTIVITY AND OBESITY PREVENTION - LEVEL 1 5 EDUCATION AND LIFELONG LEARNING - LEVEL 1 & 2 6 POPULATION GROWTH - LEVEL 3 7 DISABILITY AND CARE-GIVING - LEVEL 3 8 RISKY YOUTH BEHAVIOR - LEVEL 2 9 HOUSING AND HOMELESSNESS - LEVEL 3 THOSE ISSUES IDENTIFIED AS LEVEL 3 FALL OUTSIDE OF WAKEMED'S ABILITY TO CHANGE WE CAN AND CONTINUE TO WORK COLLABORATIVELY WITH OTHER ORGANIZATIONS AND COMMUNITY LEADERS TO HELP IDENTIFY AND IMPLEMENT SOLUTIONS FOR EACH OF THESE AREAS OF FOCUS WAKEMED'S IMPLEMENTATION PLAN ADDRESSES EACH PRIORITY AREA FOR EACH PRIORITY AREA AND FOR SOME SUBCATEGORIES, TIERED CATEGORIES DESIGNATE THE RELATIONSHIP BETWEEN THE PRIORITY AND WAKEMED'S MISSION GIVEN THAT WAKEMED'S ASSESSMENT WAS CONDUCTED BY A BROAD SPECTRUM OF PUBLIC HEALTH ORGANIZATIONS IN THE COMMUNITY, SOME OF THE PRIORITY AREAS ARE BEYOND THE SCOPE OF WAKEMED'S MISSION THE TIERS ARE AS FOLLOWS AND HELP DEFINE THE LEVEL OF RESOURCES WAKEMED
STATE FILING OF COMMUNITY BENEFIT REPORT		WAKEMED PUBLISHES A COMMUNITY BENEFIT REPORT EACH YEAR, WHICH HIGHLIGHTS THE FINANCIAL IMPACT ON THE COMMUNITY IT IS AVAILABLE IN PRINT FORM AS WELL AS ON THE WAKEMED WEB SITE WAKEMED ALSO VOLUNTARILY FILES A SIMILAR COMMUNITY BENEFIT REPORT WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION

Additional Data

Software ID:  
Software Version:  
EIN: 56-6017737  
Name: WAKEMED

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

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

21

Name and address	Type of Facility (describe)
WAKEMED NORTH HEALTHPLEX 10000 FALLS THE NEUSE RD RALEIGH,NC 27614	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKE FACULTY PHYSICIANS LLC 3024 NEW BERN AVENUE RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKE SPECIALTY PHYSICIANS LLC 3024 NEW BERN AVENUE RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED REHAB HOSPITAL 3000 NEW BERN AVENUE RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED APEX HEALTHPLEX 120 HEALTHPLEX WAY APEX,NC 27502	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED BRIER CREEK HEALTHPLEX 8001 TW ALEXANDER DRIVE RALEIGH,NC 27617	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKE ORTHOPAEDICS LLC 3009 NEW BERN AVENUE RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED MEDICAL PARK 23 SUNNYBROOK ROAD RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED GARNER HEALTHPLEX 400 US 70 EAST GARNER,NC 27529	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED FUQUAY-VARINA OP & NURSING FAC 400 RANSOM STREET FUQUAYVARINA,NC 27526	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED CLAYTON MEDICAL PARK 555 MEDICAL PARK PLACE CLAYTON,NC 27520	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED HOME HEALTH 2920 HIGHWOODS BLVD SUITE 200 RALEIGH,NC 27604	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED ZEBULON OP & SKILLED NURS FAC 535 W GANNON AVENUE ZEBULON,NC 27597	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED ALEXANDER YMCA 1603 HILLSBOROUGH STREET RALEIGH,NC 27605	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED WAKE FOREST RD OP REHAB CENTER 3701 WAKE FOREST ROAD RALEIGH,NC 27609	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED KRAFT FAMILY YMCA 8921 HOLLY SPRINGS ROAD APEX,NC 27539	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED KERR FAMILY YMCA 2500 WAKEFIELD PINES DRIVE RALEIGH,NC 27614	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED CARY FAMILY YMCA 101 YMCA DRIVE CARY,NC 27513	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED BRIER CREEK MEDICAL PARK 10208 CERNY STREET RALEIGH,NC 27617	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
WAKEMED HOLLY SPRINGS 500 HOLLY SPRINGS ROAD HOLLY SPRINGS,NC 27540	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY
PARTNERS IN PRACTICE LLC 3000 NEW BERN AVENUE RALEIGH,NC 27610	OP/AMBULATORY SURGERY CENTER, EMER DEPT , LAB , RADIOLOGY PHYS , OCCUP & SPEECH THERAPY

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
WAKEMED

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

Employer identification number  
56-6017737

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

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

2

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

16

3

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

2

Part III

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

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

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
SCHEDULE I, PART I, LINE 2		ALL GRANT/FUNDING REQUESTS MUST BE MADE IN WRITING, AND FREQUENTLY MEETINGS ARE HELD WITH REQUESTING ORGANIZATIONS TO ENSURE THE REQUESTS ARE IN ACCORDANCE WITH OUR GOALS AND GUIDELINES RELATED TO DONATIONS AND SPONSORSHIPS. ALL DONATIONS ARE COORDINATED THROUGH ONE DEPARTMENT AND ARE TRACKED AND LOGGED ON A SPREADSHEET WITH A QUICK REFERENCE TO THE REASON FOR THE GIFT. WAKEMED ALSO KEEPS A FILE ON EACH ORGANIZATION AND ALL ASSOCIATED PAPERWORK. IN MOST CASES, WAKEMED ALSO TRACKS HOW THE GIFT IS USED, OUTCOMES, AND BENEFITS TO THE COMMUNITY. IN THE CASE OF LARGE GRANTS, THE ORGANIZATION IS ALSO ASKED FOR A REPORT OF THE RESULTS AND THE IMPACT.



Software ID:

Software Version:

EIN: 56-6017737

Name: WAKEMED

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN HEART ASSOCIATION4217 PARK PL CT GLEN ALLEN,VA 23060	13-5613797	501(C)(3)	14,440				GENERAL SUPPORT
AMERICAN RED CROSS100 N PEACHTREE LN RALEIGH,NC 27610	56-0547501	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CAPITAL AREA SOCCER LEAGUE3300 WOMANS CLUB DR RALEIGH,NC 27612	23-7441292	501(C)(3)	7,500				GENERAL SUPPORT
CRABTREE ROTARY FOUNDATIONPO BOX 30481 RALEIGH,NC 27622	26-0230014	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FOUNDATION OF HOPE 9401 GLENWOOD AVE RALEIGH,NC 27617	56-6246626	501(C)(3)	10,000				GENERAL SUPPORT
INTERACT1012 OBERLIN RD 100 RALEIGH,NC 27605	58-1320613	501(C)(3)	107,500				MEDICAL CARE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
KOMAN NC TRIANGLE AFFILIATE133 FAYETTEVILLE ST RALEIGH,NC 27601	75-2845066	501(C)(3)	20,000				GENERAL SUPPORT
MARBLES KIDS MUSEUM 201 E HARGETT ST RALEIGH,NC 27601	58-1647538	501(C)(3)	32,750				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NC MUSEUM OF ART2110 BLUE RIDGE RD RALEIGH,NC 27607	23-7071511	501(C)(3)	10,000				GENERAL SUPPORT
BOY SCOUTS- OCCONEECHEE CNCL3231 ATLANTIC AVE RALEIGH,NC 27629	56-0529984	501(C)(3)	7,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
RALEIGH POLICE MEMORIAL FDNPO BOX 27731 RALEIGH,NC 27611	27-0326382	501(C)(3)	50,000				GENERAL SUPPORT
READ & FEED5448 APEX PEAKWAY APEX,NC 27502	20-3246207	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WAKE COUNTY MEDICAL SOCIETY220 HORIZON DR RALEIGH, NC 27615	56-2205175	501(C)(3)	183,750				MEDICAL CARE
WAKE EARLY COLLEGE 2901 HOLSTON LN RALEIGH, NC 27610		GOV'T	7,054				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WAKE TECH COLLEGE FOUNDATION9101 FAYETTEVILLE RD RALEIGH,NC 27603	23-7017752	501(C)(3)	101,000				GENERAL SUPPORT
INTERFAITH FOOD SHUTTLE1001 BLAIR DR RALEIGH,NC 27620	56-1753180	501(C)(3)	5,000	11,611	FMV	FOOD	GENERAL SUPPORT



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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WAKE COUNTY HUMAN SERVICESPO BOX 46833 RALEIGH,NC 27620	56-6000376	GOV'T	409,884				GENERAL SUPPORT
ALLIANCE MEDICAL MINISTRYDONALD DR RALEIGH,NC 27610	56-2168673	501(C)(3)	377,125				MEDICAL CARE

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  
WAKEMED

Employer identification number  
56-6017737

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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	No
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
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	Yes
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	Yes
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

**Part III**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
SCHEDULE J, PART I, LINE 1A		TAX INDEMNIFICATION, GROSS-UP AND HOUSING ARE PAID TO SOME KEY EMPLOYEES. THEY ARE INCLUDED IN TAXABLE COMPENSATION. SCHEDULE J, PART I, LINE 2B CEO BENEFITS REQUIRING GROSS UP ARE COVERED BY HIS EMPLOYMENT AGREEMENT, AND ADDITIONAL ONES ARE APPROVED BY THE BOARD OF DIRECTORS. SCHEDULE J, PART I, LINE 4B WAKEMED MADE 457F CONTRIBUTIONS DURING THE FISCAL YEAR ENDING 9/30/2013 FOR THE FOLLOWING INDIVIDUALS: WILLIAM K. ATKINSON \$46,172, KATHLEEN GORMLEY \$23,759, THOMAS GETTINGER \$25,787, MICHAEL DEVAUGHN \$21,797, DAVID COULTER \$17,702, JEANENE MARTIN \$13,010, E. DENTON ARLEDGE \$12,148, THOMAS CAVENDER \$11,143, CAROLYN KNAUP \$9,686, BETSY GASKINS-MCCLAIN \$10,308, GEORGIA SUMIEL \$8,745, GURVINDER DEOL \$38,565, JONATHAN CHAPPELL \$31,106, TIMOTHY HARRIS \$29,620, MARK WOOD \$28,484, BRIAN GO \$28,124.
SCHEDULE J, PART I, LINE 7		THE ORGANIZATION HAS INCENTIVE-BASED PROGRAMS THAT ARE DRIVEN BY ACCOMPLISHING TARGETS ASSOCIATED WITH QUALITY OF CARE FOR DISCHARGE INSTRUCTIONS, PATIENT SATISFACTION, AND MINIMUM OPERATING MARGIN. WE ALSO HAVE IMPLEMENTED A DEFERRED COMPENSATION PLAN FOR PHYSICIANS AND EXECUTIVES WHICH ARE BASED ON WHETHER CERTAIN FISCAL AND PERSONAL PERFORMANCE GOALS ARE MET.

Software ID:  
Software Version:  
EIN: 56-6017737  
Name: WAKEMED

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WILLIAM K ATKINSON PHD	(i) (ii)	804,417	363,202	9,368	62,090 0	20,411 0	1,259,488 0	0 0
MICHAEL DEVAUGHN	(i) (ii)	418,664	160,108	17,002	29,730 0	7,037 0	632,541 0	0 0
THOMAS GETTINGER	(i) (ii)	426,593	143,074	16,869	41,300 0	21,637 0	649,473 0	0 0
KATHLEEN K GORMLEY	(i) (ii)	444,439	169,445	18,205	39,641 0	10,902 0	682,632 0	0 0
DAVID COULTER	(i) (ii)	358,618	73,681	17,828	33,725 0	14,599 0	498,451 0	0 0
JEANENE R MARTIN	(i) (ii)	263,429	63,273	15,702	28,269 0	14,440 0	385,113 0	0 0
E DENTON ARLEDGE	(i) (ii)	281,017	52,569	4,332	27,735 0	20,238 0	385,891 0	0 0
THOMAS CAVENDER	(i) (ii)	241,436	44,185	17,415	26,365 0	20,110 0	349,511 0	0 0
CAROLYN KNAUP	(i) (ii)	238,846	40,327	15,447	24,879 0	19,211 0	338,710 0	0 0
BETSY GASKINS-MCCLAINE	(i) (ii)	237,657	37,563	533	25,301 0	13,629 0	314,683 0	0 0
CYNTHIA ALNESS BOILY	(i) (ii)	297,814	75,557	42,797	15,000 0	19,211 0	450,379 0	0 0
VICKI BLOCK	(i) (ii)	268,308	54,263	15,490	15,000 0	7,840 0	360,901 0	0 0
DUDLEY HARRINGTON	(i) (ii)	266,041	52,448	11,462	15,000 0	20,991 0	365,942 0	0 0
GEORGIA C SUMIEL	(i) (ii)	202,614	34,162	656	23,380 0	11,515 0	272,327 0	0 0
GURVINDER S DEOL	(i) (ii)	462,270	490,791	1,213	55,564 0	21,869 0	1,031,707 0	0 0
JONATHAN D CHAPPELL	(i) (ii)	518,928	257,469	445	46,791 0	6,999 0	830,632 0	0 0
TIMOTHY E HARRIS	(i) (ii)	588,129	144,696	655	46,170 0	19,384 0	799,034 0	0 0
MARK L WOOD	(i) (ii)	609,890	92,635	1,377	44,033 0	20,369 0	768,304 0	0 0
BRIAN M GO	(i) (ii)	410,719	282,689	1,692	43,713 0	17,125 0	755,938 0	0 0
THOMAS FETZER	(i) (ii)	0	0	120,000	0 0	0 0	120,000 0	0 0

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2012
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization WAKEMED	Employer identification number 56-6017737
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Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65821DCS8	02-26-2009	75,000,000	SEE PART VI		X		X		X
B	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65821DCW9	07-16-2009	81,780,000	SEE PART VI		X		X		X
C	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65821DLY6	07-11-2012	315,717,962	SEE PART VI		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		11,015,000		5,635,000			
2	Amount of bonds legally defeased	0		0		0			
3	Total proceeds of issue	75,249,667		81,780,000		315,718,131			
4	Gross proceeds in reserve funds	0		0		0			
5	Capitalized interest from proceeds	0		0		0			
6	Proceeds in refunding escrows	0		0		172,556,427			
7	Issuance costs from proceeds	835,544		817,125		2,994,195			
8	Credit enhancement from proceeds	37,919		41,347		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	74,376,204		0		0			
11	Other spent proceeds	0		80,921,528		140,167,509			
12	Other unspent proceeds	0		0		0			
13	Year of substantial completion	2010		2012		2012			
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X	X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X			X	X			
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X				X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		0%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		
b	Exception to rebate?		X		X		X		
c	No rebate due?	X		X		X			
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X			X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

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

Identifier	Return Reference	Explanation
PURPOSE-FINANCING	SCHEDULE K, PART I, A	(A) COSTS OF CONSTRUCTION, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING WAKEMED CARY 2 STORY VERTICAL EXPANSION, 10 BED LABOR AND DELIVERY UNIT EXPANSION AND PARKING DECK, WAKEMED RALEIGH 4-STORY PATIENT TOWER, PARKING DECK FOR VISITORS AND PATIENTS, EMPLOYEE PARKING DECK, PORTIONS OF REHABILITATION HOSPITAL FOR INPATIENT BEDS, THE FIRST FLOOR OF MAIN HOSPITAL FOR 25 OBSERVATION BED UNIT AND RELATED AND OTHER EQUIPMENT, (B) INITIAL COSTS FOR A CREDIT FACILITY FOR THE BONDS, AND (C) ISSUANCE COSTS PURPOSE-FINANCING SCHEDULE K, PART I, B (A) COSTS OF CURRENTLY REFUNDING ALL OUTSTANDING SERIES 1997 BONDS ISSUED ON APRIL 1, 1997 THE SERIES 1997 BONDS WERE ISSUED TO REFUND ALL OF SERIES 1993 AND 1988 BONDS WHICH WERE ISSUED TO FINANCE COSTS OF CONSTRUCTING, EXPANDING, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING CONSTRUCTION OF WAKEMED CARY HOSPITAL, TWO-STORY ADDITION TO THE WAKEMED MAIN CAMPUS, 45 BED REHABILITATION HOSPITAL AND RELATED AND OTHER EQUIPMENT, AND (B) ISSUANCE COSTS PURPOSE SCHEDULE K, PART I, C THE SERIES 2012A BONDS WERE ISSUED TO REFUND ALL OF SERIES 2001 AND THE 2009A BONDS AND PAY CERTAIN EXPENSES INCURRED IN THE CONNECTION WITH THE ISSUANCE AND SALE OF THE 2012A BONDS THE PROCEEDS OF THE REFUNDED 2001 BONDS AND THE REFUNDED 2009A BONDS WERE USED TO FINANCE THE COSTS OF VARIOUS IMPROVEMENTS TO THE CORPORATION'S HEALTH CARE FACILITIES TOTAL PROCEEDS OF ISSUE SCHEDULE K, PART II, LINE 3, COLUMNS A, B & C TOTAL PROCEEDS INCLUDE INVESTMENT EARNINGS ISSUANCE COST FROM PROCEEDS SCHEDULE K, PART II, LINE 7, COLUMNS A, B & C THE AMOUNTS REPORTED ON FORM 8038 AS PROCEEDS USED FOR BOND ISSUANCE COSTS WERE ESTIMATES THE AMOUNTS REPORTED ON SCHEDULE K REPRESENT THE ACTUAL USE OF PROCEEDS SCHEDULE K CREDIT ENHANCEMENT REPORTED WAS FROM THE INITIAL LETTER OF CREDIT FEE PAID FROM BOND PROCEEDS THIS AMOUNT WAS UNKNOWN AT THE TIME OF FORM 8038 PREPARATION CAPITAL EXPENDITURES FROM PROCEEDS SCHEDULE K, PART II, LINE 10, COLUMN A BOND SERIES 2009B GENERATED \$249,667 IN INTEREST DATE THE REBATE COMPUTATION WAS PERFORMED SCHEDULE K, PART IV, LINE 2, COLUMN C LAST ARBITRAGE REBATE CALCULATION PERFORMED ON 10/01/2010 THE NEXT SCHEDULED CALCULATION DATES ARE 10/01/2014 FOR A, 10/01/2014 FOR B AND 10/01/2017 FOR C



Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
WAKEMED

Employer identification number  
56-6017737

Part I

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

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

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

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

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

Part II

Loans to and/or From Interested Persons.

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

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

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) THOMAS FETZER	FORMER BOARD MEMBER	120,000	CONSULTING SERVICES		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
METHOD OF APPROVING PAYMENT TO FORMER BOARD MEMBER	SCHEDULE L, PART IV, LINE 1	THOMAS FETZER, A FORMER BOARD MEMBER OF WAKEMED, INC , IS THE OWNER OF FETZER STRATEGIC PARTNERS, A COMPANY THAT PROVIDES CONSULTING SERVICES TO WAKEMED, INC THE \$10,000 MONTHLY FEE REPRESENTS THE COMPANY'S BASIC, STANDARD FEE THAT IS CHARGED TO ALL CLIENTS FOR REPRESENTING THEIR INTERESTS BEFORE THE NORTH CAROLINA GENERAL ASSEMBLY THIS FEE HAS REMAINED UNCHANGED OVER THE PAST THREE AND A HALF YEARS PRIOR TO ENTERING INTO THIS ANNUAL CONTRACT, THE CEO OF WAKEMED REVIEWS THE TERMS OF THE CONTRACT TO ENSURE THAT WAKEMED IS ENTERING INTO THE CONTRACT AT ARM'S LENGTH AND PAYING FAIR MARKET VALUE

efile GRAPHIC print - DO NOT PROCESS		As Filed Data -		DLN: 93493227019824	
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 WAKEMED				Employer identification number  56-6017737	

Identifier	Return Reference	Explanation
DBA'S FOR WAKEMED	FORM 990, HEADER C, DBA	
OTHER PROGRAM SERVICES	PART III, LINE 4D	OTHER PROGRAM SERVICES INCLUDE HOSPITAL IN AND OUTPATIENT ANCILLARY CARE SERVICES IN OTHER SPECIALTY AREAS NOT LISTED ABOVE. MEMBERS, STOCKHOLDERS, OR OTHER PERSONS W/ POWER TO APPOINT GOVERNING BODY. PART VI, SECTION A, LINE 7A EIGHT MEMBERS OF THE BOARD ARE APPOINTED TO THE BOARD OF DIRECTORS BY WAKE COUNTY. GOVERNANCE DECISIONS RESERVED TO MEMBERS, STOCKHOLDERS, OR PERSONS OTHER THAN THE GOVERNING BODY. PART VI, SECTION A, LINE 7B THE WAKE COUNTY BOARD OF COMMISSIONERS HOLDS LIMITED APPROVAL OVER SOME GOVERNING BODY DECISIONS PERTAINING TO ARTICLES V, VI, VII AND IX IN THE ARTICLES OF INCORPORATION. THE TRANSFER AGREEMENT WITH WAKE COUNTY INDICATES APPROVAL/CONSENT FOR TRANSACTIONS PERTAINING TO SUBSTANTIAL DISPOSITION OF ASSETS AND COVENANTS ON LIENS. PROCESS USED BY THE ORGANIZATION TO REVIEW FORM 990. PART VI, SECTION B, LINE 11B THE ENTIRE 990 AND ASSOCIATED SCHEDULES ARE REVIEWED BY THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS TO ACKNOWLEDGE THEY HAVE REVIEWED FORMS A AND SCHEDULES AND THEN RECOMMEND APPROVAL TO THE BOARD. A FINAL COPY IS PROVIDED TO THE BOARD BEFORE FILING. MONITORING WRITTEN CONFLICT OF INTEREST POLICY. PART VI, SECTION B, LINE 12C THE ORGANIZATION MONITORS AND ENFORCES THE CONFLICT OF INTEREST POLICY IN VARIOUS WAYS. EACH YEAR, MEMBERS OF THE BOARD, COMMITTEES WITH BOARD DELEGATED POWERS, CEO, CORPORATE STAFF, EXECUTIVE STAFF, DIRECTORS, MANAGERS ARE REQUIRED TO COMPLETE AND SUBMIT A CONFLICT OF INTEREST QUESTIONNAIRE. THOSE INDIVIDUALS ARE REQUIRED TO PROVIDE WRITTEN DOCUMENTATION OF ANY POTENTIAL CONFLICT OF INTEREST, IDENTIFYING MATERIAL FINANCIAL INTEREST/PERSONAL CONFLICTS OF INTEREST. REMEDIAL MEASURES IMPLEMENTED TO ADDRESS CONFLICTS OF INTEREST INCLUDE ABSTENTION FROM VOTING ON CERTAIN ISSUES AS WELL AS RECUSAL FROM THE DECISION MAKING PROCESS AND PARTICIPATION INVOLVING THE IDENTIFIED ISSUE/AREA. THE CODE OF CONDUCT PROVIDES GUIDANCE ON GIFTS AND TRAVEL. GIFTS SHOULD NOT BE ACCEPTED AND PRIOR TO ANY TRAVEL/LODGING PAID FOR BY A THIRD PARTY. WRITTEN APPROVAL MUST BE OBTAINED FROM AN EXECUTIVE VICE PRESIDENT. ALSO, EMPLOYEES WHO OWN OR WORK IN A PRIVATE BUSINESS OUTSIDE OF WAKEMED ARE NOT ALLOWED TO RECRUIT OR PROMOTE THEIR PRODUCTS AND SERVICES DURING WORK HOURS OR THROUGH WAKEMED PRINTED MATERIALS. PROCESS FOR DETERMINING COMPENSATION OF CEO, EXECUTIVE DIRECTOR, OR TOP MANAGEMENT. OFFICIAL PART VI, SECTION B, LINE 15A REVIEW OF COMPENSATION IS PERFORMED BY AN INDEPENDENT FIRM. EVERY THREE YEARS THEY PERFORM AN EXECUTIVE COMPETITIVE COMPENSATION REVIEW. ON ALTERNATE YEARS THE SVPHR PRESENTS MARKET DATA COMPARISONS TO A BOARD OF DIRECTOR'S COMMITTEE FOR REVIEW. AVAILABILITY OF FINANCIAL STATEMENTS, CONFLICT OF INTEREST, ORGANIZING DOCUMENTS. PART VI, SECTION C, LINE 19 THE 990 IS AVAILABLE BY REQUEST AND IS PUBLISHED ON GUIDESTAR. FINANCIAL STATEMENTS ARE PUBLICALLY AVAILABLE THROUGH THE MEDICAL CARE COMMISSION AS IT RELATES TO TAX EXEMPT DEBT. THE ANNUAL AUDITED FINANCIAL STATEMENTS AND TRANSFER AGREEMENT ARE PROVIDED EACH YEAR TO WAKE COUNTY COMMISSIONERS AND BECOME PUBLIC INFORMATION. ARTICLES OF INCORPORATION ARE AVAILABLE ON NC SECRETARY OF STATE WEBSITE.
OTHER CHANGES IN NET ASSETS	PART XI, LINE 9	DECREASES DUE TO CHANGES IN LONG-TERM INVESTMENTS \$7,400,296

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  
WAKEMED

Employer identification number  
56-6017737

Part I

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) WAKE ORTHOPAEDICS LLC 3009 NEW BERN AVE RALEIGH, NC 27610 04-3750760	MED OFFICE	NC	14,062,113	5,429,339	NA
(2) CARDIAC INNOVATIONS LLC 3000 NEW BERN AVE RALEIGH, NC 27610 26-0554927	EQUIP LEASING	NC	6,354	87,890	NA
(3) WAKE SPECIALTY PHYSICIANS LLC 2009 NEW BERN AVE RALEIGH, NC 27610 26-4169156	MED OFFICE	NC	39,482,486	11,922,022	NA
(4) CSAMS NEW BERN AVE LLC 3000 NEW BERN AVE RALEIGH, NC 27610	HEALTHCARE	NC	0	929,103	NA
(5) PARTNERS IN PRACTICE LLC 3000 NEW BERN AVE RALEIGH, NC 27610 27-1164650	MED OFFICE	NC			NA

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) WAKEMED PROPERTY SERVICES  3000 NEW BERN AVE  RALEIGH, NC 27610 56-1133894	LEASING	NC	501(C)(3)	11B	NA		No
(2) WAKEMED FACULTY PRACTICE PLAN  3000 NEW BERN AVE  RALEIGH, NC 27610 23-7169178	MEDICAL	NC	501(C)(3)	11B	NA		No
(3) THE VOLUNTEERS AT CARY CAMPUS  1900 KILDARIE FARM RD  CARY, NC 27511 56-1798031	VOLUNTEERS	NC	501(C)(3)	11B	NA		No
(4) THE VOLUNTEERS AT RALEIGH CAMPUS  3000 NEW BERN AVE  RALEIGH, NC 27610 56-0749114	VOLUNTEERS	NC	501(C)(3)	11B	NA		No
(5) WAKEMED FOUNDATION  3000 NEW BERN AVE  RALEIGH, NC 27610 56-1916549	SUPPORT	NC	501(C)(3)	7	NA		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) CAP SURG CTR  3000 NEW BERN AVE RALEIGH, NC 27607 26-0804803	HEALTHCARE	NC	NA	RELATED	3,896,980	5,432,232		No	0		No	50 000 %
(2) WAKEPET SERVICES  26-3108205	EQUIPMENT LEASING	NC	NA	RELATED	-918	42,623		No	0		No	50 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) DOGWOOD INSURANCE COMPANY (SPC) LTD-	INSURANCE	CJ		CORP	0	38,312,172	100 000 %		No

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

No

1m

No

1n

No

1o

No

1p

No

1q

Yes

1r

Yes

1s

Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) WAKEMED FACULTY PRACTICE PLAN	Q	49,346,331	FMV
(2) WAKEMED PROPERTY SERVICES	Q	4,462,810	FMV
(3) WAKEMED PROPERTY SERVICES	J	7,957,857	FMV
(4) WAKEMED FOUNDATION	S	2,618,946	FMV
(5) WAKEMED FOUNDATION	Q	875,634	FMV
(6) WAKEMED PROPERTY SERVICES	I	685,505	FMV

Schedule R (Form 990) 2012

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

[illegible]

Software ID:  
Software Version:  
EIN: 56-6017737  
Name: WAKEMED

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
WAKEMED FACULTY PRACTICE PLAN	Q	49,346,331	FMV
WAKEMED PROPERTY SERVICES	Q	4,462,810	FMV
WAKEMED PROPERTY SERVICES	J	7,957,857	FMV
WAKEMED FOUNDATION	S	2,618,946	FMV
WAKEMED FOUNDATION	Q	875,634	FMV
WAKEMED PROPERTY SERVICES	I	685,505	FMV



**WAKEMED**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**WAKEMED  
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YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

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# CliftonLarsonAllen

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
WakeMed  
Raleigh, North Carolina

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of WakeMed, which comprise the combined statements of net position as of September 30, 2013 and 2012, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the combined financial statements

### ***Management's Responsibility for the Combined Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to WakeMed'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 WakeMed'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 opinions.

### ***Opinions***

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

### **Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 17 to the combined financial statements, WakeMed adopted Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*, during the year ended September 30, 2013

### **Report on Required Supplementary Information**

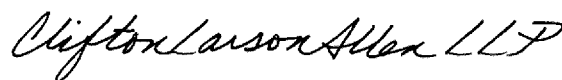
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and the Schedule of Funding Progress on page 43 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of WakeMed's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WakeMed's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
December 3, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Overview**

The Management's Discussion and Analysis section of WakeMed's combined financial statements is designed to provide a general overview of the financial operating results for the fiscal years ended September 30, 2013 and 2012. This analysis should be read in conjunction with the combined financial statements and related footnotes that follow this analysis.

WakeMed is a private, not-for-profit health care organization based in Wake County, North Carolina. WakeMed comprises a network of health care facilities throughout Wake and Johnston counties, including a 575-bed regional referral center with an adjoining 84-bed rehabilitation hospital in Raleigh, a 156-bed full-service community hospital in Cary, a 36-bed skilled nursing facility in Fuquay-Varina (which closed in late fiscal year 2013), a 19-bed skilled nursing facility in Zebulon (which closed in late fiscal year 2013), a freestanding emergency department, outpatient surgery and diagnostic center with physicians' offices in North Raleigh, freestanding emergency departments and diagnostic centers in Apex, Brier Creek and Garner, Raleigh Medical Park, a preadmission testing site adjacent to the Raleigh campus hospital, a medical office building with diagnostic and outpatient rehabilitation services in Clayton and Holly Springs, a medical office building with diagnostic, outpatient rehabilitation and physician offices in West Raleigh, a mobile critical care transport service including an air ambulance service, and home health and outpatient rehabilitation services in Raleigh, Cary, Apex, Zebulon and Fuquay-Varina. WakeMed is the tertiary provider of trauma, cardiac, neonatal intensive care, neurosciences, high-risk maternal, pediatric emergency and intensive care, adult care services, and physical rehabilitation services.

In addition to the entities described above, the combined financial statements include WakeMed Faculty Practice Plan, WakeMed Property Services, Wake Orthopaedics, LLC, Cardiac Innovations, LLC, Wake Specialty Physicians, LLC, CSAMS New Bern Avenue, LLC, Partners in Practice, LLC, and WakeMed Foundation (collectively, "WakeMed"). These component units are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed.

**Mission**

WakeMed's mission is to provide outstanding and compassionate care to all who seek our services. Our mission is the foundation of who we are and what we do. Guided by our vision and supported by strong values and goals, this mission drives the superior care that our patients, their families and the communities we serve have come to expect. To achieve this mission, WakeMed focuses its efforts on achieving five strategic goals: Quality Outcomes, Unsurpassed Service, Workforce Excellence, Fiscal Responsibility and Market Development.

**Financial Highlights**

- WakeMed's net position increased in each of the past two years with a \$9.1 million increase in 2013 and an \$84.8 million increase in 2012.
- WakeMed reported a loss from operations of \$14.4 million in 2013 which is a decrease of \$67.1 million from 2012. WakeMed reported income from operations of \$52.6 million in 2012 which is an increase of \$19.2 million from 2011.
- Net patient service revenue in 2013 decreased by approximately \$70.9 million, or 6.7%, as compared to 2012 and in 2012 increased by approximately \$103.0 million, or 10.8%, as compared to 2011.

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Current Year Events**

The construction of the Garner Healthplex was completed during the current year and opened in August 2013. Architectural and operational plans are well underway for the conversion of the North Healthplex into a 61-bed hospital. WakeMed North Hospital is scheduled to open in May 2015. WakeMed closed the 36-bed skilled nursing facility in Fuquay-Varina and the 19-bed skilled nursing facility in Zebulon, and the medical office building with diagnostic in Holly Springs as a result of continued unfavorable financial performance.

WakeMed filed the Articles of Incorporation on May 28, 2013 to establish WakeMed Key Community Care, LLC ("WakeMed Key Community Care"). WakeMed has a 50% membership interest in WakeMed Key Community Care. Key Physicians, P.A. has the remaining 50% membership interest. WakeMed Key Community Care was created to establish an accountable care organization (ACO).

WakeMed's hospitals attested during the current year that they met the meaningful use criteria for a continuous 90-day period. As a result, WakeMed expects to receive incentive payments of approximately \$4.8 million and \$2.1 million from Medicare and Medicaid, respectively, for demonstrating meaningful use of certified Electronic Health Record (EHR) technology under the EHR incentive program. The funds will be received during fiscal year 2014. WakeMed's physician practices attested during 2013 and received incentive payments of approximately \$1.0 million and \$0.6 million for Medicare and Medicaid, respectively.

WakeMed began the implementation of the EPIC system during 2013. The expected completion date for the project will be fiscal year 2014 for the physician practices and fiscal year 2015 for the hospitals.

WakeMed elected early adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Due to the adoption of the standard, WakeMed was required to change previously reported amounts in the 2012 combined financial statements in order to conform to the standard. Note 17 summarizes the amounts that are impacted on the combined statements of net position and the related combined statements of revenues, expenses, and changes in net position.

**Using this Annual Report**

The combined financial statements have been prepared on the accrual basis of accounting, which accounts for all revenues and expenses regardless of when cash is received or paid. The annual report consists of the following components:

*Combined Statements of Net Position* - The combined statements of net position reflect the financial position of WakeMed at a specific point in time, i.e., all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2013 and 2012. These statements provide the basis for the evaluation of WakeMed's capital structure, liquidity, and financial flexibility.

*Combined Statements of Revenues, Expenses, and Changes in Net Position* - These combined statements reflect WakeMed's profitability (or change in net position) for each of the fiscal years presented.

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Using this Annual Report (continued)**

*Combined Statements of Cash Flows* - The combined statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. They also provide answers to such questions as where cash came from, what cash was used for, and what the change in the cash balance was during the reporting periods presented.

*Notes to Combined Financial Statements* - These notes are designed to give the reader of the combined financial statements additional information concerning WakeMed and further supports the statements described above.

***Condensed Combined Statements of Net Position*** - The condensed combined statements of net position are as follows at September 30 (in thousands)

	2013	2012	2011
Current Assets	\$ 724,653	\$ 735,092	\$ 705,889
Capital Assets, Net	630,256	607,277	588,916
Assets Whose Use is Limited, Net of Portion Required for Current Liabilities	52,302	75,289	86,918
Other Assets	106,448	119,991	92,898
Total Assets	<u>1,513,659</u>	<u>1,537,649</u>	<u>1,474,621</u>
Deferred Outflows of Resources	<u>23,254</u>	<u>24,284</u>	<u>1,488</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,536,913</u>	<u>\$ 1,561,933</u>	<u>\$ 1,476,109</u>
Current Liabilities	\$ 180,595	\$ 208,481	\$ 198,414
Long-Term Debt, Less Current Maturities	449,932	457,120	443,060
Other Noncurrent Liabilities	22,782	21,648	44,929
Total Liabilities	<u>653,309</u>	<u>687,249</u>	<u>686,403</u>
Deferred Inflows of Resources	675	860	689
Net Position			
Net Investment in Capital Assets	181,594	162,889	126,827
Restricted by Donors	37,863	35,282	24,263
Restricted for Debt Service and Capital Purchases	12,618	9,235	25,352
Unrestricted	650,854	666,418	612,575
Total Net Position	<u>882,929</u>	<u>873,824</u>	<u>789,017</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,536,913</u>	<u>\$ 1,561,933</u>	<u>\$ 1,476,109</u>

***Current Assets*** - In 2013, current assets decreased \$10.4 million, or 1.4%, over 2012. Cash and short-term investments decreased \$46.3 million, other receivables increased \$5.5 million while net patient accounts receivable increased \$24.2 million. WakeMed's current ratio is strong at 4.01 to 1.0 at September 30, 2013 and 3.53 to 1.0 at September 30, 2012. In 2012, current assets increased \$29.2 million, or 4.1%, over 2011.



**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Capital Assets-Net** - In 2013, capital assets-net increased \$23.0 million, or 3.8%, over 2012 mainly due to expenditures incurred on major projects that began during 2012. Significant capital expenditures for fiscal year 2013 consisted of Garner Healthplex, Raleigh Campus Central Plant equipment, 14 rehab beds at Raleigh Campus, completion of eICU/VISICU, renovation of the 1<sup>st</sup> floor of the Operations Center, angiography replacement at Raleigh Campus, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities, and information technology purchases and upgrades. In 2012, capital assets-net increased \$18.4 million, or 3.1%, over 2011 mainly due to expenditures incurred on major projects that began during 2011.

**Other Assets** - Other Assets decreased \$13.5 million, or 11.3%, in 2013 due primarily to a decrease in long-term cash and equity investments offset by the increase of \$4.1 million in investment in affiliates and other assets which occurred as a result of WakeMed's \$5.0 million note receivable from Harnett Health System, Inc. Other assets increased \$27.1 million, or 29.2% in 2012 due primarily to an increase in long-term cash and equity investments offset by the decrease of \$24.8 million in goodwill associated with Blue Ridge GP, LLC's sale of its controlling interest in Blue Ridge Day Surgery, LP.

**Current Liabilities** - In 2013, current liabilities decreased \$27.9 million, or 13.4%, from 2012. The primary factors were a \$12.7 million decrease in third-party payor and Medicaid Reimbursement Initiative reserves, and a \$15.6 million decrease in accounts payable and accrued liabilities. In 2012, current liabilities increased \$10.1 million, or 5.1%, from 2011. The primary factors were a \$9.3 million decrease in third-party payor and Medicaid Reimbursement Initiative reserves, and a \$19.5 million increase in accounts payable and accrued liabilities.

**Long-Term Debt** - At September 30, 2013, WakeMed had \$452.0 million of debt under the terms of two outstanding bond offerings and several capital leases. The 2012A \$294.8 million issue was used to refund the 2001 and 2009A bond issues. The 2001 bonds were redeemed in July 2012 and the 2009A bonds are scheduled for redemption on October 1, 2014. The 2009C \$81.8 million issue was used to refund the 1997 bonds in advance of their maturity dates. The 2009B \$75.0 million issue was used for equipment purchases and to finance the construction and acquisition of certain property as defined in the bond orders. Long-term debt, less current maturities decreased \$7.2 million in 2013 as a result of making scheduled principal payments. See Note 7 to the combined financial statements for a detailed discussion on long-term debt.

**Other Noncurrent Liabilities** - In 2013, other noncurrent liabilities increased \$1.1 million, or 5.2%, from 2012. In 2012, other noncurrent liabilities decreased \$23.3 million, or 51.8%, from 2011 related to the decrease of the non-controlling interest pertaining to the sale of the interest in Blue Ridge Day Surgery, LP.

**Total Net Position** - Overall, total net position increased approximately \$9.1 million, or 1.0%, over 2012. The specific components of the change in net position are as follows:

*Net Investment in Capital Assets* - Net investment in capital assets increased \$18.7 million, or 11.5% in 2013. Driven by WakeMed's continuing growth and investment in equipment and infrastructure, total capital assets increased by \$23.0 million in 2013.

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

*Net Position Restricted by Donors* - Net position restricted by donors, which represent funds held by WakeMed that are restricted as to their use by external donors, increased \$2.6 million in 2013, or 7.3% from 2012. These funds are restricted for such uses as the provision of indigent care and certain other services such as children's, educational and patient care programs.

*Net Position Restricted for Debt Service and Capital Purchases* - Net assets restricted for debt service and capital purchases represent assets that are to be used to pay current debt obligations. They increased \$3.4 million in 2013 due to new capital leases entered into during 2013.

*Unrestricted Net Position* - Unrestricted net position represents assets available to fund the ongoing operations of WakeMed. The \$15.6 million decrease in 2013 was primarily due to the current year loss from operations of \$14.4 million.

**Condensed Combined Statements of Revenue, Expenses, and Changes in Net Position** - The condensed combined statements of revenue, expenses, and changes in net position are as follows for the years ended September 30 (in thousands):

	2013	2012	2011
Patient Service Revenue, Net	\$ 985,777	\$ 1,056,683	\$ 953,659
Other Operating Revenue	36,894	32,056	24,656
Total Operating Revenue	<u>1,022,671</u>	<u>1,088,739</u>	<u>978,315</u>
<b>OPERATING EXPENSES</b>			
Labor Expenses	614,103	595,095	533,014
Supplies, Purchased Services and Other	301,885	318,103	269,451
Professional Fees	39,206	40,999	63,175
Depreciation	68,263	66,502	62,751
Interest Expense	13,642	15,408	16,454
Total Operating Expenses	<u>1,037,099</u>	<u>1,036,107</u>	<u>944,845</u>
Income (Loss) from Operations	(14,428)	52,632	33,470
Nonoperating Revenues, Net			
Investment Income	15,274	32,058	10,253
Other, Net	5,639	1,278	445
Total Nonoperating Revenue, Net	<u>20,913</u>	<u>33,336</u>	<u>10,698</u>
Income Before Non-Controlling Interest and Capital Contributions	6,485	85,968	44,168
Loss Applicable to Non-Controlling Interest	<u>-</u>	<u>(2,582)</u>	<u>(4,522)</u>
Income Before Capital Contributions	6,485	83,386	39,646
Capital Contributions and Transfers, Net	<u>2,620</u>	<u>1,421</u>	<u>733</u>
Increase in Net Position	<u>9,105</u>	<u>84,807</u>	<u>40,379</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>873,824</u>	<u>789,017</u>	<u>748,638</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 882,929</u></u>	<u><u>\$ 873,824</u></u>	<u><u>\$ 789,017</u></u>

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Income (Loss) from Operations** - Income from operations in 2013 decreased by \$67.1 million from 2012. Income from operations in 2012 increased by \$19.2 million from 2011.

**Patient Service Revenue - Net** - Net patient service revenue decreased \$70.9 million, or 6.7%, over 2012. This decrease was driven by several factors. WakeMed implemented a 6% price increase for hospital services in 2013, however, the price increase was offset by a decrease in inpatient volumes and a decrease in Medicaid GAP funds recognized as revenue. WakeMed recognized approximately \$52.4 million and \$83.6 million in Medicaid GAP funds as revenue during fiscal years 2013 and 2012, respectively. The Medicaid GAP funds recognized in 2012 were related to the 2011 and 2012 program years.

**Labor Expenses** - Total labor expenses increased \$19.0 million, or 3.2% compared to 2012. The increase is primarily due to a 4.2% increase in FTE's, in addition to merit wage increases which occurred in October 2012 and January 2013. The remainder is attributed to new benefits changes in 2013.

**Supplies, Purchased Services, and Other** - Overall, these costs experienced a decrease of \$16.2 million, or 5.1% over 2012. WakeMed incurred an overall supply cost decrease in patient chargeable supplies. Purchased services increased this year as compared to last year due to application software maintenance and agency support services. Other Expense includes approximately \$21.9 million for assessment costs related to the new Medicaid GAP Program compared to \$36.0 million in 2012. In 2012, supplies, purchased services, and other, increased \$48.7 million, or 18.1% as compared to 2011.

**Depreciation Expense** - Depreciation expense increased \$1.8 million, or 2.6%, over 2012 due to current year capital asset additions and disposals. In 2012, depreciation expense increased \$3.8 million, or 6.0%, over 2011.

**Investment Income** - Investment income decreased \$16.8 million, or 52.4%, from 2012. Fiscal year 2013 presented a \$14.8 million decrease in unrealized gains from unfavorable financial market conditions coupled with a \$0.3 million decrease in realized gains from 2012. In 2012, investment income increased \$21.8 million, or 212.7%, from 2011.

**Capital Assets - Net**

Capital assets - net consisted of the following at September 30 (in thousands)

	2013	2012	2011
Land and Land Improvements	\$ 43,922	\$ 41,314	\$ 34,471
Buildings	668,948	643,917	632,285
Equipment	694,196	659,953	607,794
Construction-in-Progress	36,503	20,008	26,731
	<u>1,443,569</u>	<u>1,365,192</u>	<u>1,301,281</u>
Less, Accumulated Depreciation	<u>(813,313)</u>	<u>(757,915)</u>	<u>(712,365)</u>
Capital Assets, Net	<u><u>\$ 630,256</u></u>	<u><u>\$ 607,277</u></u>	<u><u>\$ 588,916</u></u>

**WAKEMED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013 AND 2012**

**Capital Assets – Net (continued)**

Significant capital expenditures for fiscal year 2013 consisted of Garner Healthplex, Raleigh Campus Central Plant equipment, 14 rehab beds at Raleigh Campus, completion of eICU/VISICU, renovation of the 1<sup>st</sup> floor of the Operations Center, angiography replacement at Raleigh Campus, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities, and information technology purchases and upgrades. These capital expenditures are expected to support future revenue growth.

**Community Benefit**

WakeMed's involvement in the community goes far beyond the provision of medical care at one of our facilities. The system engages in a variety of activities that result in a direct benefit including outreach, donations, in-kind contributions, special initiatives for children, free pediatric asthma and diabetes programs, employee volunteer hours, and teaching and training the next generation of physicians and nurses. WakeMed is guided by a mission that requires us to constantly increase our capacity for care. That means a steady stream of new programs, services, technologies and facilities for the community. It also means caring for all who seek our services, regardless of their ability to pay.

WakeMed provides health care to citizens in the communities we serve regardless of their ability to pay. Based on WakeMed's established charge structure, total charges foregone for charity care provided amounted to \$289.8 million in 2013, representing a \$20.2 million increase over the prior year. In 2012, charity care increased by \$5.6 million over 2011.

**Transfer Agreement Compliance**

The Transfer Agreement, signed in 1997 when Wake County conveyed the hospital to WakeMed, was amended in September 2008. The Transfer Agreement mandates a minimum of 4.8% of revenues from Wake County citizens be spent to provide services and resources to indigent patients and the community at large in Wake County. In fiscal years 2013 and 2012, WakeMed was in compliance with the Transfer Agreement.

**Contacting WakeMed's Financial Management**

The financial report is designed to provide the users of WakeMed's combined financial statements with a general overview of WakeMed's finances. If you have questions about this report or need additional financial information, please contact WakeMed, Attn: Chief Financial Officer, 3000 New Bern Avenue, Raleigh, North Carolina 27610.

**WAKEMED**  
**COMBINED STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

	2013	2012
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 98,745	\$ 131,438
Short-Term Investments	384,177	397,774
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$41,353 in 2013 and \$56,328 in 2012	159,030	134,880
Other Receivables	34,379	28,887
Inventories	19,388	19,265
Prepaid Expenses and Other Current Assets	10,906	9,659
Assets Whose Use is Limited, Required for Current Liabilities	18,028	13,189
Total Current Assets	<u>724,653</u>	<u>735,092</u>
<b>CAPITAL ASSETS, NET</b>	630,256	607,277
<b>ASSETS WHOSE USE IS LIMITED, Net of Portion Required for Current Liabilities</b>	52,302	75,289
<b>OTHER ASSETS</b>		
Long-Term Investments	71,021	88,218
Investment in Affiliates and Other Assets	33,108	28,973
Prepaid Pension Obligation	2,319	2,800
Total Other Assets	<u>106,448</u>	<u>119,991</u>
Total Assets	1,513,659	1,537,649
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Refunding of Long-Term Debt	23,254	24,284
Total Assets and Deferred Outflows of Resources	<u>\$ 1,536,913</u>	<u>\$ 1,561,933</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 21,984	\$ 21,476
Accounts Payable and Accrued Liabilities	137,362	153,011
Due to Third-Party Payors	20,878	33,597
Unearned Revenue	371	397
Total Current Liabilities	<u>180,595</u>	<u>208,481</u>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	449,932	457,120
<b>OTHER NONCURRENT LIABILITIES</b>	22,782	21,648
Total Liabilities	<u>653,309</u>	<u>687,249</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTES 1 AND 12)</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Advanced Receipts of Grant Proceeds	675	860
<b>NET POSITION</b>		
Net Investment in Capital Assets	181,594	162,889
Restricted by Donors	37,863	35,282
Restricted for Debt Service and Capital Purchases	12,618	9,235
Unrestricted	650,854	666,418
Total Net Position	<u>882,929</u>	<u>873,824</u>
Total Liabilities, Deferred Inflows or Resources and Net Position	<u>\$ 1,536,913</u>	<u>\$ 1,561,933</u>

See accompanying Notes to Combined Financial Statements

**WAKEMED**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

	2013	2012
<b>PATIENT SERVICE REVENUE</b>		
Net of Contractual Allowances of \$2,472,967 and \$2,373,230 and Provision for Uncollectible Accounts of \$55,307 and \$47,083 in 2013 and 2012, Respectively	\$ 985,777	\$ 1,056,683
<b>OTHER OPERATING REVENUE</b>	36,894	32,056
Total Operating Revenue	1,022,671	1,088,739
<b>LABOR EXPENSES</b>		
Salaries, Wages and Employee Benefits	585,180	561,290
Contract Nursing	2,436	2,864
Other Contract Labor	26,487	30,941
Total Labor Expenses	614,103	595,095
<b>OTHER OPERATING EXPENSES</b>		
Supplies, Purchased Services and Other	301,885	318,103
Professional Fees	39,206	40,999
Depreciation	68,263	66,502
Interest Expense	13,642	15,408
Total Other Operating Expenses	422,996	441,012
Total Expenses	1,037,099	1,036,107
<b>INCOME (LOSS) FROM OPERATIONS</b>	(14,428)	52,632
<b>NONOPERATING REVENUE, NET</b>		
Investment Income	15,274	32,058
Other, Net	5,639	1,278
Total Nonoperating Revenue, Net	20,913	33,336
<b>INCOME BEFORE NON-CONTROLLING INTEREST AND CAPITAL CONTRIBUTIONS</b>	6,485	85,968
Loss Applicable to Non-Controlling Interest	-	(2,582)
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	6,485	83,386
<b>CAPITAL CONTRIBUTIONS, NET (Includes Deconsolidation of Blue Ridge GP, LLC in 2012)</b>	2,620	1,421
<b>INCREASE IN NET POSITION</b>	9,105	84,807
Net Position - Beginning of Year	873,824	789,017
<b>NET POSITION - END OF YEAR</b>	\$ 882,929	\$ 873,824

See accompanying Notes to Combined Financial Statements

**WAKEMED**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Third-Party Payors and Patients	\$ 931,245	\$ 1,017,671
Payments to Suppliers	(342,594)	(355,183)
Payments to Employees	(627,286)	(575,443)
Other Receipts	48,136	19,369
Net Cash Provided by Operating Activities	9,501	106,414
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Issuance of 2012A Bonds, Net of Discount	-	294,840
Payment of Bond Premium on Series 2012A Bonds	-	20,878
Redemption Premium Paid on Series 2001 Refunding	-	(1,388)
Refunding of Series 2001 and 2009A Bonds	-	(302,665)
Principal Payments on Bonds Payable, Net	(9,285)	(9,250)
Interest Payments on Bonds Payable	(13,505)	(13,377)
Principal Payments on Capital Lease Obligations and Other	(1,063)	(959)
Interest Payments on Capital Lease Obligations and Other	(795)	(539)
Purchases of Capital Assets	(85,886)	(73,740)
Increase in Assets Whose Use is Limited	22,506	(6,230)
Gifts, Grants and Bequests	2,620	13,250
Net Cash Used in Capital and Related Financing Activities	(85,408)	(79,180)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Loan to Harnett Health System	(5,000)	-
Net Cash Used in Noncapital and Related Financing Activities	(5,000)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest, Dividends and Unrealized Gain on Investments	11,073	29,270
Realized Gain on Sale of Investments	4,201	1,853
Other Nonoperating Gains, Net	5,639	1,278
(Increase) Decrease in Short-Term and Long-Term Investments	30,794	(58,472)
Cash from Acquisition of Interests in Affiliates, Net	-	(7,062)
Changes in Other Non-Operating Asset, Net	865	(23,363)
Income Applicable to Non-Controlling Interest	-	(2,582)
Net Cash Provided by (Used in) Investing Activities	52,572	(59,078)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(28,335)	(31,844)
Cash and Cash Equivalents - Beginning of Year	149,345	181,189
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 121,010</u>	<u>\$ 149,345</u>
<b>RECONCILIATION OF COMBINED CASH AND CASH EQUIVALENTS TO COMBINED STATEMENTS OF NET POSITION:</b>		
Cash and Cash Equivalents - Beginning of Year	\$ 98,745	\$ 131,438
Cash and Cash Equivalents in Assets Whose Use is Limited	22,265	17,907
Total Cash and Cash Equivalents	<u>\$ 121,010</u>	<u>\$ 149,345</u>

See accompanying Notes to Combined Financial Statements

**WAKEMED**  
**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

	<u>2013</u>	<u>2012</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Income (Loss) from Operations	\$ (14,428)	\$ 52,632
Interest Expense Considered Capital Financing Activity	13,642	15,408
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by Operating Activities		
Depreciation	68,263	66,502
Provision for Uncollectible Accounts	55,307	47,083
Increase in Patient and Other Receivables	(84,949)	(77,948)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(15,649)	19,515
Change in Other Operating Assets and Liabilities, Net	<u>(12,685)</u>	<u>(16,778)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 9,501</u>	<u>\$ 106,414</u>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</b>		
Capital Assets Acquired under Capital Leases	<u>\$ 4,463</u>	<u>\$ 13,505</u>

See accompanying Notes to Combined Financial Statements



**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION**

WakeMed, a North Carolina not-for-profit corporation, was established in 1965 to provide access to quality hospital-based services to the citizens of Wake County, North Carolina and surrounding counties. To support these services, WakeMed delivers a broad range of services through a network of operating affiliates.

Effective April 1, 1997, the Wake County commissioners conveyed all real estate, personal property, fixtures, equipment, cash and accounts, and all rights, title, and interest in all such property and facilities to WakeMed, under the provisions of North Carolina General Statute 131E-8 (the "Statute"), in accordance with a transfer agreement between WakeMed and the County of Wake (the "Transfer Agreement"). The Transfer Agreement was amended in September 2008. While a majority of the Board of Directors continue to be appointed by Wake County, as required by the Statute, WakeMed's facilities are no longer owned by Wake County as required by North Carolina General Statute 159-39(a). Further, the Statute required that the outstanding general obligation revenue bonds be defeased at the time of conveyance.

As a condition to the conveyance, WakeMed has agreed to provide community general hospital services to citizens of Wake County without regard to the ability to pay. Moreover, WakeMed must meet minimum financial commitments for services and resources to indigent patients and the community at large as defined in the Transfer Agreement, as amended. For the years ended September 30, 2013 and 2012, WakeMed met the minimum financial commitments as defined in the Transfer Agreement, as amended. In the event the level of commitment is not provided through charity care, WakeMed may be required to designate an amount equal to such deficiency to be maintained by WakeMed for purposes of covering the cost of future services to indigent patients. No amount has been designated at September 30, 2013 and 2012.

**Reporting Entity**

As required by accounting principles generally accepted in the United States of America (hereinafter referred to as "generally accepted accounting principles"), these combined financial statements present WakeMed and its blended component units. The combined component units discussed below are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed. All significant intercompany balances and transactions have been eliminated in combination.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. Statements No. 14 and No. 34 were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement is effective for WakeMed's fiscal year ending September 30, 2013, and did not have a significant impact on the combined financial statements.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Reporting Entity (continued)**

- *WakeMed Faculty Practice Plan* – WakeMed Faculty Practice Plan (formerly known as Wake County Hospital System Medical Education Foundation) (the “Faculty Practice”) is a not-for-profit corporation established for charitable, educational, and scientific purposes through aid and promotion of the health care services of WakeMed and other nonprofit organizations. Faculty Practice is reported as a blended component unit because the entities share the same Board of Directors.
- *WakeMed Property Services* – WakeMed Property Services (“Property Services”) is a not-for-profit corporation established to provide health care facilities and related services to WakeMed. Property Services owns and operates WakeMed Clayton Medical Park, WakeMed North Healthplex, WakeMed Apex Healthplex and other properties that are non-clinical sites. Property Services owns the land in Raleigh and leases the WakeMed Brier Creek Healthplex building, as well as multiple other properties. Additionally, Property Services leases space in these facilities to professional associations and WakeMed. Property Services is reported as a blended component unit because the entities share the same Board of Directors.
- *Wake Orthopaedics, LLC* – On April 3, 2003, WakeMed filed Articles of Incorporation to establish Wake Orthopaedics, LLC (“Wake Orthopaedics”), a wholly-owned not-for-profit subsidiary. Wake Orthopaedics is an orthopedic practice that provides orthopedic medical services at its own physical locations as well as call coverage for the emergency departments and trauma services at WakeMed facilities. The practice is managed by an outside agency and contracts with licensed orthopedists to provide medical services. Wake Orthopaedics is reported as a blended component unit as WakeMed is its sole member. Separate financial statements for Wake Orthopaedics can be obtained by contacting Wakemed management.
- *Cardiac Innovations, LLC* – On November 9, 2005, WakeMed filed Articles of Incorporation to establish Cardiac Innovations, LLC (“Cardiac Innovations”), a wholly-owned not-for-profit subsidiary, which began operations in August 2007. Cardiac Innovations was formed to acquire and lease equipment with added value by physician involvement to better enable WakeMed to deliver high quality health care services. The company owns peripheral arterial disease equipment that is leased to physician offices. Cardiac Innovations is reported as a blended component unit as WakeMed is its sole member.
- *Wake Specialty Physicians, LLC* – On January 30, 2009, WakeMed filed Articles of Organization to establish Wake Specialty Physicians, LLC (“Wake Specialty Physicians”), a wholly-owned not-for-profit subsidiary. Wake Specialty Physicians was formed to employ and contract with physicians for the provision of professional medical services. Wake Specialty Physicians is reported as a blended component unit as WakeMed is its sole member.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Reporting Entity (continued)**

- *Partners in Practice, LLC* – On October 14, 2009, WakeMed filed Articles of Organization to establish Partners in Practice, LLC (“Partners in Practice”), a wholly-owned not-for-profit subsidiary. Partners in Practice was originally formed to allow WakeMed to partner with local physician practices and help them manage the many complex aspects of operating a practice. This company is currently inactive for operational purposes.
- *Blue Ridge GP, LLC* – On March 31, 2010, WakeMed filed Articles of Organization to establish Blue Ridge GP, LLC (“Blue Ridge GP”). Blue Ridge GP was formed to hold the controlling interest in the general partnership that operates the Blue Ridge Day Surgery Center located on Lake Boone Trail in Raleigh. The center features six operating rooms and three procedure rooms, includes 38 physician partners and over 100 physicians who perform surgeries in numerous specialties. WakeMed’s 51% interest in Blue Ridge GP, LLC was sold to Surgical Care Affiliates March 31, 2012. Earnings results through March 31, 2012 are included in the accompanying combined financial statements for the year ended September 30, 2012.
- *WakeMed Foundation* – WakeMed Foundation (the “Foundation”) is a not-for-profit corporation established in 1994 for the purpose of receiving and managing donations exclusively for the benefit of WakeMed and its ancillary organizations. The Foundation is also dedicated to building support for WakeMed through leadership development, fundraising, and educational awareness. The Foundation is included as a blended component unit as it provides its services almost exclusively to WakeMed. Separate financial statements for the Foundation can be obtained by contacting WakeMed management.
- *CSAMS New Bern Avenue, LLC* – On January 3, 2012, WakeMed filed Articles of Organization to establish CSAMS New Bern Avenue, LLC (“CSAMS”), a member managed entity acting under the statutory provisions of the North Carolina LLC act. CSAMS owns perfusion pumps and was acquired to ensure we have essential tools necessary to offer high quality cardiovascular surgery services at any time. Prior to the acquisition, WakeMed purchased perfusion services from CSA Medical Services as a vendor relationship. CSAMS is reported as a blended component unit as WakeMed is its sole member.

**Basis of Presentation**

WakeMed utilizes proprietary fund accounting whereby revenues and expenses are recognized on an accrual basis. In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board Statements and other pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement became effective for WakeMed fiscal year ended September 30, 2013.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Affiliation Agreements**

*Southern Atlantic Healthcare Alliance* – In October 2004, WakeMed became a member of the Southern Atlantic Healthcare Alliance. This corporation is a nonprofit corporation organized to facilitate consulting, resource sharing and education among participating hospitals to provide patients with quality medical care.

*Harnett Health System, Inc.* – In November 2005, WakeMed entered into a management agreement with Harnett Health System, Inc. to manage Betsy Johnson Regional Hospital to include implementing hospital operating policies and procedures and standards for operations, services and maintenance. As a part of this agreement, WakeMed provides a President and CEO for Betsy Johnson Hospital as well as a manager for a cardiac rehabilitation program, a Chief Financial Officer, a Director of Revenue, Reimbursement and Managed Care and other positions.

During fiscal year 2011, WakeMed entered into a five-year liquidity agreement with Harnett Health System to assist them with retaining day's cash on hand required by their bond documents. The agreement requires WakeMed, if necessary, to loan the difference in the required days cash on hand up to a maximum of \$5 million. WakeMed will receive interest of the prime rate plus 2% on any loan amount along with an annual availability fee on the unloaned portion of the aggregate loan capacity. This agreement supports WakeMed's existing management services agreement with Harnett Health System to manage their facilities. During 2013, Harnett Health System did not meet the day's cash on hand required by their bond documents and as a result WakeMed executed a loan for \$5 million to Harnett Health System in accordance with the liquidity agreement.

*Sampson Regional Medical Center* – In January 2011, WakeMed entered into a two-year lease agreement for office space for cardiac services from Sampson Regional Medical Center. The lease expired on December 31, 2012 and was not renewed.

*University of North Carolina Health Care System* – In August 2011, WakeMed entered into a Master Affiliation Agreement with the University of North Carolina Health Care System ("UNC HCS"), for and on behalf of its University of North Carolina Hospitals and its clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill. WakeMed provides physicians of UNC HCS with residency training and expanded learning environments in a clinical setting.

*Wilson Medical Center* – In October 2011, WakeMed announced a Percutaneous Coronary Intervention Program Services Agreement with Wilson Medical Center ("WilMed"). This mutually beneficial relationship will closely align the WakeMed Heart Center and WilMed's Cardiopulmonary Services and will enhance the level of cardiac services available to the residents of Wilson County.

*Johnston Health* – In October 2011, WakeMed entered into a Heart and Vascular Services Agreement with Johnston Health. The level of Cardiac Services available to the residents of Johnston County will be enhanced by this relationship and will closely align the WakeMed Heart Center and Johnston's Cardiopulmonary Services. Both of Johnston Health's locations are served under the agreement (Clayton and Smithfield).

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Affiliation Agreements (continued)**

*Duke University Health System, Inc* – In April 2012, WakeMed entered into a Pediatric Services Collaborative Agreement with Private Diagnostic Clinic, PLLC, Duke University, through its School of Medicine (“Duke”), and Duke University Health System, Inc., collectively referred to as Duke Medicine. The collaboration promotes the educational mission of Duke and increases clinical efficiencies and improves clinical quality of pediatric medicine and surgery services in Wake County.

*Wayne Memorial Hospital* – In November 2012, WakeMed entered into a Heart and Vascular Services Agreement with Wayne Memorial Hospital. The level of Cardiac Services available to the residents of Wayne County will be enhanced by this relationship and will closely align the WakeMed Heart Center and Wayne’s Cardiopulmonary Services.

*Granville Health System* – In December 2012, WakeMed entered into a Telestroke Program Agreement with Granville Health System. The level of Telestroke Services available to the residents of Granville County will be enhanced by this relationship by improving the timeliness and availability of acute stroke patient treatment and transport.

*Wake Forest Baptist Medical Center* – In December 2012, WakeMed entered into a Telestroke Program Agreement with Wake Forest Baptist Medical Center. The level of Telestroke Services available to the residents of Wake Forest will be enhanced by this relationship by improving the timeliness and availability of acute stroke patient treatment and transport.

*Central Carolina Hospital* – In September 2013, WakeMed announced a Pediatric Hospitalist Services Agreement with Central Carolina Hospital. WakeMed’s board-certified pediatricians provide 24/7 service to Central Carolina Hospital’s recently designated pediatric unit.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

**Cash and Cash Equivalents**

All highly liquid investments with an original maturity of three months or less, and which are not limited as to their use, are considered to be cash equivalents and are recorded at cost which approximates market.

**Inventories**

Inventories consist primarily of patient care supplies and are stated at the lower of average cost or market.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets Whose Use is Limited**

Assets whose use is limited includes assets held by a trustee by bond order, internally designated amounts to meet future bond and principal payments, estimated settlements with third-party payors, self-insurance trust arrangements, and other donor restricted assets. Assets whose use is limited that are required for settlement of current liabilities are reported in current assets.

**Investments and Investment Income**

WakeMed follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which states that investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, be measured at fair value in the accompanying combined statements of net position. Additionally, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating revenue – net in the accompanying combined statements of revenues, expenses and changes in net position.

**Capital Assets**

Property and equipment are recorded at cost or, if donated, at fair market value on the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method for financial reporting purposes. Assets under capital lease obligations are depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life of the asset.

Depreciation is included in the accompanying combined financial statements using the following estimated useful lives:

<b><u>Property Classification</u></b>	<b><u>Estimated Lives (Years)</u></b>
Land Improvements	5-20
Building	5-40
Equipment	2-10

Expenditures for repairs and maintenance are charged to expense as incurred unless the betterments extend the useful lives of the assets, at which point these costs are capitalized. Interest cost incurred on borrowed funds, less any interest earned on temporary investment of those funds, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Legal title to the property and certain equipment (collectively referred to as the "facilities") of WakeMed was held by Wake County, and the facilities were managed and operated by WakeMed under an operating agreement with Wake County until April 1, 1997, when title was transferred to WakeMed as described in Note 1. The Wake County operating agreement contains several restrictive covenants that, among other things, require WakeMed to operate and maintain the facilities and pay the bond trustee amounts sufficient to satisfy the principal and interest requirements on the bonds.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in Affiliates and Other Assets**

Property Services maintains a laundry facility joint venture, Quality Textile Services, Inc ("QTS"), with Rex Enterprises, Inc to increase efficiency and reduce costs for the participating hospitals. This investment is accounted for under the equity method. At September 30, 2013 and 2012, Property Services' investment balance in QTS was \$2,287 and \$2,323, respectively.

WakeMed maintains a joint venture, Wake PET Services, LLC ("Wake PET"), with Wake Radiology Services, LLC to acquire and lease a PET/CT scanner. This investment is accounted for under the equity method. At September 30, 2013 and 2012, WakeMed's investment balance in Wake PET was \$45 and \$237, respectively.

WakeMed owns 50% of the shares of Dogwood Insurance Company, LTD (the "Dogwood Captive"), an exempted segregated portfolio captive insurance company domiciled in the Cayman Islands. The Dogwood Captive is owned jointly with Mission Health Systems, Inc. Under the terms of a Share Sale and Purchase Agreement, the Dogwood Captive has established a segregated portfolio which is designated as the "WakeMed Segregated Portfolio." WakeMed's participation is limited to general liability and professional liability coverage.

WakeMed acquired workforce in place as part of physician practice acquisitions during 2012 and 2011. There were no acquisitions of workforce in place during 2013. The value of the workforce in place was based on current salaries, hiring and training costs. The assets are being amortized over five years. Any impairment to the asset is recognized as incurred. The impairments reflect staff turnover occurring between valuation and time of purchase as well as terminations occurring subsequent to purchase. Amortization of \$373 and \$344 and impairments totaling \$78 and \$55 were recognized in 2013 and 2012, respectively. The net book value of the workforce in place as of September 30, 2013 and 2012, was \$886 and \$1,337, respectively.

WakeMed became a contributing member of Advanced Home Care, Inc., a North Carolina nonprofit corporation, in June of 2012 with an investment of \$1 million. Advanced Home Care provides health care services to patients in their homes, including the provision of home health services, durable medical equipment, home infusion therapy, respiratory services and equipment, enteral feeding and home sleep therapy. The acquired membership interest in Advanced Home Care is being accounted for using the cost basis of accounting, and results in distributions of earnings to its members as determined annually by the Advanced Home Care board of directors. WakeMed received distributions of \$83 and \$28 in fiscal years 2013 and 2012, respectively.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**(IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in Affiliates and Other Assets (continued)**

WakeMed and physician investors formed a joint venture in April 2012, Capital City Surgery Center, LLC ("Capital City"), a North Carolina limited liability company, to operate a facility to provide ambulatory surgery services which may include, but is not limited to, gynecology, neurosurgery, otolaryngology, ophthalmology, orthopedic and podiatry procedures at a freestanding ambulatory surgery center located at 23 Sunnybrook Road in Raleigh, North Carolina. The company is managed by an outside management group. This investment is accounted for under the equity method. At September 30, 2013 and 2012, WakeMed's investment balance in Capital City was approximately \$9.2 million and \$9.4 million, respectively.

**Long-Lived Assets**

In accordance with GASB standards, WakeMed reviews its long-lived assets and certain identifiable intangibles for evidence of impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

During 2010, WakeMed recorded approximately \$24.8 million in goodwill as part of the combination of Blue Ridge GP's controlling interest in the Blue Ridge Day Surgery Center. The goodwill, which was included in investment in affiliates and other assets in the accompanying combined statement of net position, is evaluated annually for impairment and will not be amortized. WakeMed sold its interest in Blue Ridge GP, LLC effective March 31, 2012, and will no longer report the associated goodwill.

WakeMed evaluates the recoverability of the assets by one of three methods, (1) the restoration cost approach, (2) the service units approach or, (3) the deflated depreciated replacement cost approach (as described by GASB Statement No. 42). At the time such evaluations indicate that impairment exists, the carrying value of the assets is adjusted to fair value. No adjustments were made to the carrying value of long-lived assets in fiscal year 2013.

**Accrued Paid Days Off**

WakeMed has a paid days off ("PDO") plan covering all full-time, three-quarter time and part-time employees. An employee is allowed to accrue up to a maximum of 520 hours of PDO, which includes earned vacation, holiday, and sick time. Employees hired prior to July 1, 2009 are 40% vested after three months, 50% vested after one year, 75% vested after three years, and 100% vested after five years. Employees hired on or after July 1, 2009 are 75% vested after three years and 100% vested after 5 years. As of September 30, 2013 and 2012, the accrued PDO balance was \$29,216 and \$29,367, respectively, and is included in accounts payable and accrued liabilities in the accompanying combined statements of net position.



**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**(IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

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

All revenue and expenses directly related to the delivery of health care services are included in operating revenue and expenses in the statements of revenue, expenses, and changes in net position. Nonoperating revenue and expenses consist of those revenue and expenses that are related to financing and investing types of activities and result from nonexchange transactions or investment income.

**Patient Service Revenue, Net**

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Charity Care**

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

WakeMed has an established policy addressing the criteria by which ability to pay is determined, and the application of that policy resulted in the provision of services to patients unable to pay for those services in amounts approximating \$289,777 in fiscal year 2013 and \$269,585 in fiscal year 2012, based on WakeMed's established charge structure.

**Estimated Malpractice Costs**

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

**Income Taxes**

Substantially all of the activities of WakeMed are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The objective of this statement is to establish standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources and expenses regarding certain pension plans. This statement also addresses note disclosure and required supplementary information requirements. This statement will be effective for WakeMed's fiscal year ending September 30, 2015, and management is currently evaluating the impact of the standard on the combined financial statements.

**Fair Values of Financial Instruments**

The following methods and assumptions were used by management in estimating fair values for financial instruments:

*Cash and Cash Equivalents, Patient and Other Receivables, and Accounts Payable and Accrued Liabilities* - The carrying amount approximates fair value because of the short maturity of these instruments.

*Short-Term and Long-Term Investments (Including Assets Whose Use Is Limited)* - Fair values, which are the amounts reported in the accompanying combined statements of net position, are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

*Due to Third-Party Payors* - The carrying amount reported in the accompanying combined statements of net position for estimated third-party payor settlements approximates its fair value.

*Long-Term Debt* - The fair value of WakeMed's variable rate debt approximates its carrying value due to that debt's variable interest rate. The fair value of WakeMed's fixed rate long-term debt has been based upon market quotations. As of September 30, 2013 and 2012, the estimated fair value of WakeMed's long-term debt was \$439,109 and \$479,065, respectively.

**Electronic Health Record Incentive Payments**

As discussed in Note 16, WakeMed received funds under the Electronic Health Records (EHR) Incentive Program during 2013. WakeMed recognizes revenue at the completion of the EHR reporting period and after all meaningful use objectives and any other specific grant requirements that are applicable (such as electronic transmission of quality measures to CMS in the second and subsequent payment years) are met.

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**NOTE 3    PATIENT SERVICE REVENUE, NET**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered during the period. WakeMed has presented its provision for uncollectible accounts as a direct reduction of patient service revenue. Based on management's interpretation of the requirements of GASB Statement No. 34, governmental health care organizations are required to present uncollectible accounts as a component of net patient service revenue rather than within operating expenses.

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. A summary of the payment arrangements with major third-party payors, which represent approximately 91% of the patient care provided in both fiscal years 2013 and 2012, follows:

*Medicare* - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge using a diagnosis related group (Medicare Severity Adjusted or "MSDRG") system. These rates vary according to patient classification, clinical diagnosis, and other factors. Certain defined medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Inpatient capital costs are paid at prospectively determined rates as a component of the MSDRG payment. Certain Medicare outpatient services are paid based on APCs ("Ambulatory Payment Classifications"), the outpatient equivalent of MSDRGs. Other outpatient Medicare services are paid under a Medicare fee schedule and certain therapy charges are exempt from this payment method. WakeMed is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by WakeMed and audits thereof by the Medicare fiscal intermediary. Medicare cost reports for WakeMed Raleigh Campus have been audited by the fiscal intermediary for cost report years through September 30, 2009. Medicare cost reports for WakeMed Cary Hospital have been audited by the fiscal intermediary for cost report years through September 30, 2008.

*Medicaid* - The North Carolina Department of Health and Human Services Division of Medical Assistance ("DMA") pays hospitals a prospectively determined rate per discharge using a MSDRG system similar to Medicare for inpatient services. Outpatient services are paid an interim rate at the time of service with settlement occurring when the hospital files its annual cost report with DMA. WakeMed's Medicaid cost reports are audited by the Medicaid intermediary as part of the Medicaid audit program. Medicaid cost reports for WakeMed Raleigh Campus and WakeMed Cary Hospital have been audited for cost report years through September 30, 2011.

WakeMed receives additional Medicaid payment through the North Carolina Medicaid Reimbursement Initiative Program. WakeMed recognized \$16,798 and \$17,657, of Medicaid Reimbursement Initiative funds as net patient service revenue during the years ended September 30, 2013 and 2012, respectively. At September 30, 2013 and 2012, WakeMed reserved Medicaid Reimbursement Initiative payments received of \$1,387 and \$1,501, respectively, which are included in due to third-party payors in the accompanying combined statements of net position.

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**NOTE 3 PATIENT SERVICE REVENUE, NET (CONTINUED)**

In addition to the above, Medicaid began making supplemental Equity payments for inpatient and outpatient services and Upper Payment Limit ("UPL") payments for inpatient services. The Equity payment represents the difference in the projected cost of services to Medicaid eligible patients and the amount of the payments received from the regular Medicaid Program and the Medicaid Reimbursement Initiative Program. The amount of the UPL payment is the calculated difference between what Medicare would pay for the inpatient services rendered to Medicaid patients and what Medicaid otherwise pays. The effective date for the start of the Equity and UPL payments is January 1, 2011, however, the Federal Approval of the Medicaid State Plan Amendment did not occur until March of 2012. WakeMed participated in an assessment process authorized by the North Carolina General Assembly to support the nonfederal share of the payments.

The following table summarizes the benefit recognized by WakeMed related to these plans for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
<u>Plan Year - 2011</u>		
UPL Payment	\$ -	\$ 32,284
Assessment Expense	-	14,585
Net Benefit	<u>-</u>	<u>17,699</u>
<u>Plan Year - 2012</u>		
UPL Payment	-	53,316
Assessment Expense	-	21,425
Net Benefit	<u>-</u>	<u>31,891</u>
<u>Plan Year - 2013</u>		
UPL Payment	53,779	-
Assessment Expense	21,911	-
Net Benefit	<u>31,868</u>	<u>-</u>
Total Net Benefit	31,868	49,590
Reserve for Future Settlements	<u>(1,347)</u>	<u>(2,140)</u>
Total Benefit Recognized	<u>\$ 30,521</u>	<u>\$ 47,450</u>

At September 30, 2013 and 2012, WakeMed reserved Equity and UPL payments received of \$3,487 and \$2,140, respectively, which are included in due to third-party payors in the accompanying combined statements of net position.

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**NOTE 3 PATIENT SERVICE REVENUE, NET (CONTINUED)**

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

For the years ended September 30, 2013 and 2012, net patient revenue increased by \$3,756 and \$4,313, respectively, as a result of changes in various third-party accruals and reserves.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that WakeMed is in substantial compliance with the numerous government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management is proactively monitoring compliance with these matters through its Corporate Compliance Program to mitigate the inherent risks of operating in the health care industry. An annual assessment of the effectiveness of the Corporate Compliance Program is conducted and presented to the Board of Directors.

**NOTE 4 DEPOSITS AND INVESTMENTS**

**Deposits**

WakeMed's cash and cash equivalents and certain investments are placed in federally insured domestic banks which limit the amount of credit exposure. At September 30, 2013 and 2012, WakeMed's deposits had carrying values of \$98,745 and \$131,438, respectively, and bank balances of \$107,398 and \$137,468, respectively. Of the bank balances, \$8,334 was covered by federal depository insurance at September 30, 2013 and \$2,824 at September 30, 2012.

**WAKEMED**  
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**NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

At September 30, 2013, WakeMed's investments consisted of the following

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>4 or More Years</u>
U S Government Securities	\$ 153,334	\$ 15,780	\$ 79,293	\$ 58,261
Equity Securities	67,538	67,538	-	-
Corporate Debt Securities	235,354	68,309	81,911	85,134
Money Market Funds	20,386	20,386	-	-
Total	476,612	<u>\$ 172,013</u>	<u>\$ 161,204</u>	<u>\$ 143,395</u>
Less, Long-Term Investments	(71,021)			
Less, Internally Designated for Assets Whose Use is Limited	<u>(21,414)</u>			
Short-Term Investments	<u>\$ 384,177</u>			

At September 30, 2012, WakeMed's investments consisted of the following

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>4 or More Years</u>
U S Government Securities	\$ 177,316	\$ 7,737	\$ 61,509	\$ 108,070
Equity Securities	73,234	73,234	-	-
Corporate Debt Securities	272,160	96,404	85,459	90,297
Money Market Funds	307	307	-	-
Total	523,017	<u>\$ 177,682</u>	<u>\$ 146,968</u>	<u>\$ 198,367</u>
Less, Long-Term Investments	(88,218)			
Less, Internally Designated for Assets Whose Use is Limited	<u>(37,025)</u>			
Short-Term Investments	<u>\$ 397,774</u>			

Long-term investments are comprised of equity securities and debt instruments with maturities in excess of one year that are intended to be held until maturity. All other investments are classified as short-term investments.

*Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The WakeMed Cash and Investment Policy provides for the impact of interest fluctuations by utilizing a diversified portfolio of cash and cash equivalents, fixed income and equity investments.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 4    DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (continued)**

*Credit Risk* – With respect to fixed income investments, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations as required by the fixed income security. The WakeMed Cash and Investment Policy requires Corporate bonds and notes must be at least Baa3 (or the equivalent rating) by at least two of the three major rating organizations (Moody's, Standard and Poor's and Fitch) when purchased. CMOs must be rated AAA (or equivalent) by at least two of the three major rating organizations. The average quality of the Portfolio must be A or higher. The use of any derivative financial instrument is not allowed without written permission of the Board, and the Policy specifically excludes certain derivative securities. Stocks are invested in a passive strategy utilizing a Standard and Poor's 500 replication fund.

*Concentration of Credit Risk* – Concentration of credit risk results from not adequately diversifying the investment portfolio. The WakeMed Cash and Investment Policy balances WakeMed's portfolio by distributing assets in the following manner: Cash and cash equivalents 11%, fixed income 79% and equity 10% thus limiting credit risk in any one portfolio. WakeMed also imposes allocation and weighting restrictions within its fixed income portfolio to further reduce exposure.

*Custodial Credit Risk* – Custodial credit risk is the risk that WakeMed will not be able to recover the value of its deposits, which would be exposed to credit risk if they are not insured and are uncollateralized. Fixed income and equity securities may be exposed to custodial credit risk if the securities are uninsured, are not registered in the name of WakeMed and are held by either the counterparty or the counterparty's trust department or agent, but not in WakeMed's name. At September 30, 2013 and 2012, all of WakeMed's securities are held by WakeMed in WakeMed's name and are therefore not exposed to custodial credit risk.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect WakeMed's investment balance reported in the combined statements of net position.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Assets Whose Use is Limited**

The composition of assets whose use is limited, stated at fair value at September 30, 2013 and 2012, is set forth in the following table

	2013	2012
Series 2012A Bonds for Principal and Interest Payments		
Cash and Cash Equivalents	\$ 12,618	\$ 8,621
Internally Designated	5,410	4,568
	<u>18,028</u>	<u>13,189</u>
Series 2012A Bond Proceeds Held by Trustee for Reimbursement of Issuance Costs		
Cash and Cash Equivalents	-	613
	<u>-</u>	<u>613</u>
Under Medical Malpractice and Workers' Compensation Self-Insurance Funding Arrangements - Held by Trustee		
U S Government Securities	16,088	22,607
Corporate Bonds	10,163	10,478
Cash and Cash Equivalents	4,184	5,473
Accrued Interest Receivable	92	179
	<u>30,527</u>	<u>38,737</u>
Donor and Other Restricted		
U S Government Securities	307	281
Cash and Cash Equivalents	5,463	3,200
Accrued Interest Receivable	1	1
Total Restricted	<u>5,771</u>	<u>3,482</u>
Internally Designated	16,004	32,457
	<u>21,775</u>	<u>35,939</u>
Total Assets Whose Use is Limited	70,330	88,478
Less, Portion Required for Current Liabilities	(18,028)	(13,189)
	<u>\$ 52,302</u>	<u>\$ 75,289</u>

Investment income on investments and assets whose use is limited by the Board and under self-insurance arrangements for the years ended September 30, 2013 and 2012 consisted of the following

	2013	2012
Interest and Dividend Income	\$ 12,252	\$ 13,930
Realized Gains on Sale of Investments, Net	4,201	4,489
Unrealized Gains (Losses) on Investments, Net	(1,179)	13,639
	<u>\$ 15,274</u>	<u>\$ 32,058</u>



**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 5 ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by WakeMed at September 30, 2013 and 2012 consisted of these amounts

	2013	2012
<u>Patient Accounts Receivable</u>		
Receivable from Patients and Their Insurance	\$ 94,448	\$ 110,207
Receivable from Medicare	52,298	42,025
Receivable from Medicaid	53,637	38,976
	<u>200,383</u>	<u>191,208</u>
Less Allowance for Uncollectible Accounts	(41,353)	(56,328)
Patient Accounts Receivable, Net	<u>\$ 159,030</u>	<u>\$ 134,880</u>
<u>Accounts Payable and Accrued Liabilities</u>		
Payable to Employees (Including Payroll Taxes)	\$ 76,570	\$ 89,753
Payable to Suppliers	42,935	44,315
Other	17,857	18,943
Total Accounts Payable and Accrued Liabilities	<u>\$ 137,362</u>	<u>\$ 153,011</u>

**NOTE 6 CAPITAL ASSETS**

A summary of changes in capital assets for the years ended September 30, 2013 and 2012 is as follows

	Balance September 30, 2012	Additions	Retirements/ Transfers	Balance September 30, 2013
Land and Land Improvements	\$ 41,314	\$ 2,701	\$ (93)	\$ 43,922
Buildings	643,917	26,911	(1,880)	668,948
Equipment	659,953	45,435	(11,192)	694,196
Construction-in-Progress	20,008	68,111	(51,616)	36,503
	<u>1,365,192</u>	<u>143,158</u>	<u>(64,781)</u>	<u>1,443,569</u>
Less, Accumulated Depreciation	(757,915)	(67,852)	12,454	(813,313)
	<u>\$ 607,277</u>	<u>\$ 75,306</u>	<u>\$ (52,327)</u>	<u>\$ 630,256</u>
	Balance September 30, 2011	Additions	(see Note) Retirements/ Transfers	Balance September 30, 2012
Land and Land Improvements	\$ 34,471	\$ 7,263	\$ (420)	\$ 41,314
Buildings	632,285	18,878	(7,246)	643,917
Equipment	607,794	74,178	(22,019)	659,953
Construction-in-Progress	26,731	54,769	(61,492)	20,008
	<u>1,301,281</u>	<u>155,088</u>	<u>(91,177)</u>	<u>1,365,192</u>
Less, Accumulated Depreciation	(712,365)	(66,175)	20,625	(757,915)
	<u>\$ 588,916</u>	<u>\$ 88,913</u>	<u>\$ (70,552)</u>	<u>\$ 607,277</u>

*Note 2012 Retirements include \$8.4 million in net assets related to the sale of interest in Blue Ridge GP*

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**NOTE 6 CAPITAL ASSETS (CONTINUED)**

Depreciation expense on property and equipment recorded during the years ended September 30, 2013 and 2012 was \$68,263 and \$66,502, respectively

Net capitalized interest expense of \$893 and \$970 for the years ended September 30, 2013 and 2012, respectively, was included in the cost of capital projects

**NOTE 7 LONG-TERM DEBT**

Long-term debt at September 30, 2013 and 2012 consisted of the following

	2013	2012
2009B Variable Rate Bonds, Maturing from October 1, 2033 to October 1, 2038	\$ 75,000	\$ 75,000
2009C Variable Rate Refunding Bonds, Maturing from October 1, 2010 to October 1, 2026	70,765	74,415
2012A Serial Bonds, Maturing October 1, 2013 to October 1, 2023 with Interest Rates Ranging from 2.00% to 5.00%	80,395	86,030
2012A Term Bonds, Maturing October 1, 2024 to October 1, 2038 with Interest Rates Ranging from 4.00% to 5.00%	208,810	208,810
Other	17,062	13,662
	452,032	457,917
Plus, Unamortized Premium	19,884	20,679
Less, Current Maturities	(21,984)	(21,476)
	<u>\$ 449,932</u>	<u>\$ 457,120</u>

Effective July 11, 2012, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$294,840 of Health Care Facilities Revenue Refunding Bonds, Series 2012A ("Series 2012A Bonds"). The proceeds, together with other available funds, were used to refund the outstanding Series 2001 and 2009A Serial and Term Bonds. The 2001 Bonds were subsequently redeemed on July 25, 2012 and the 2009A Bonds were defeased by placing funds in an irrevocable escrow fund to provide for all future debt service payments. Accordingly, the escrow fund assets and the liability for the defeased bonds are not included in the accompanying combined financial statements.

Effective July 16, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$81,780 of Health Care Facilities Revenue Refunding Bonds, Series 2009C ("Series 2009C Bonds"). The proceeds, together with other available funds, were used to refund the outstanding Series 1997 Serial and Term Bonds.

Effective February 20, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$169,750 of Health Care Facilities Revenue Bonds, Series 2009A ("Series 2009A Bonds") and \$75,000 of Health Care Facilities Revenue Bonds, Series 2009B ("Series 2009B Bonds"). The proceeds were used to finance the construction of certain capital additions as defined in the Bond Orders. The Series 2009A Bonds were defeased by the 2012A Bonds in July 2012.

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**NOTE 7    LONG-TERM DEBT (CONTINUED)**

Effective April 5, 2001, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$150,000 of Health Care Facilities Revenue Bonds, Series 2001 ("Series 2001 Bonds"). The proceeds have been used to finance the construction of certain fixed assets as defined in the Series 2001 Bond Order. The Series 2001 Bonds were refunded by the 2012A Bonds and redeemed in July 2012. The deferred loss of \$4,340 is being amortized over the remaining life of the 2001 Bonds at the refunding date.

The Series 2009B, 2009C and 2012A Bonds are collateralized solely by the accounts of WakeMed, the Faculty Practice, and Property Services (collectively, the "Obligated Group") and all proceeds thereof. The master trust indenture requires the Obligated Group to, among other things, set rates at a level that will provide a certain long-term debt service coverage ratio (as defined in the master trust indenture). The trust agreement provides for future mandatory sinking fund redemptions and the maintenance of certain fund accounts. As of September 30, 2013 and 2012, management believes the Obligated Group was in compliance with such covenants.

At September 30, 2013 and 2012, \$223,067 and \$235,239, respectively, of bonds outstanding were considered defeased. The Series 1988 Bonds defeasance resulted in a loss of approximately \$5,832 which was fully recognized during fiscal year 1998. The Series 1993 Bonds defeasance resulted in a gain of approximately \$1,593 and the unamortized portion of approximately \$933 was fully recognized upon the refunding of the Series 1997 Bonds. WakeMed incurred a loss of approximately \$1,711 on the Series 1997 refunding which is being deferred and amortized over the lives of the 2009C Revenue Refunding Bonds. WakeMed's Series 2012A Bonds were issued in part to defease its outstanding 2009A Bonds which resulted in a loss of \$18,788 that is being deferred and amortized over the remaining lives of the 2012A Bonds.

WakeMed completed the 1997 Bond refunding to reduce total debt service payments over the next 18 years. The estimate, provided by the underwriter prior to issue was based on an average interest rate of 3.17% and Letter of Credit and Remarketing fees of 1.06%, and provided an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$5,634. The actual weighted average interest rate for 2013 and 2012 was 0.12% and 0.15%, respectively. On October 20, 2011 WakeMed and Wells Fargo signed new Letter of Credit and Marketing Letter Agreements, which reduced fees from 1.16% in 2011 to 1.06% and extended WakeMed's Letter of Credit until 2014.

WakeMed completed the 2001 and 2009A Bond refundings to reduce total debt service payments over the next 26 years. The estimate, provided by the underwriter prior to issue was based on an average interest rate of 4.65% and provided an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$18,811.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

A summary of changes in long-term debt for the years ended September 30, 2013 and 2012 is below. Payments in 2012 include the \$302,665 Refunding of Fixed Rate Revenue Bonds and \$5,576 reduction in Capital Leases from WakeMed's sale of its interest in Blue Ridge GP.

	Balance September 30, 2012	Additions	Payments	Balance September 30, 2013
Fixed Rate Revenue Refunding Bonds	\$ 294,840	\$ -	\$ (5,635)	\$ 289,205
Variable Rate Revenue Bonds	75,000	-	-	75,000
Variable Rate Revenue Refunding Bonds	74,415	-	(3,650)	70,765
Other	13,662	4,463	(1,063)	17,062
	<u>\$ 457,917</u>	<u>\$ 4,463</u>	<u>\$ (10,348)</u>	<u>\$ 452,032</u>

	Balance September 30, 2011	Additions	Payments	Balance September 30, 2012
Fixed Rate Revenue Bonds	\$ 308,090	\$ -	\$ (308,090)	\$ -
Fixed Rate Revenue Refunding Bonds	-	294,840	-	294,840
Variable Rate Revenue Bonds	75,000	-	-	75,000
Variable Rate Revenue Refunding Bonds	78,240	-	(3,825)	74,415
Other	6,742	13,505	(6,585)	13,662
	<u>\$ 468,072</u>	<u>\$ 308,345</u>	<u>\$ (318,500)</u>	<u>\$ 457,917</u>

Scheduled future debt service requirements of long-term debt for years subsequent to September 30, 2013 are as follows:

	Series 2009B Bonds	Series 2009C Bonds	Series 2012A Bonds	Other	Total Principal	Interest Payments	Total Debt Service
2014	\$ -	\$ 3,950	\$ 5,955	\$ 1,453	\$ 11,358	\$ 14,186	\$ 25,544
2015	-	4,095	6,090	1,586	11,771	13,944	25,715
2016	-	4,250	6,295	1,695	12,240	13,625	25,865
2017	-	4,515	6,570	1,428	12,513	13,255	25,768
2018	-	4,565	6,890	1,530	12,985	12,877	25,862
2019-2023	-	25,440	39,515	7,664	72,619	58,074	130,693
2024-2028	-	23,950	57,380	1,706	83,036	45,725	128,761
2029-2033	-	-	105,365	-	105,365	25,323	130,688
2034-2038	61,465	-	44,980	-	106,445	7,427	113,872
2039	13,535	-	10,165	-	23,700	219	23,919
	<u>\$ 75,000</u>	<u>\$ 70,765</u>	<u>\$ 289,205</u>	<u>\$ 17,062</u>	<u>\$ 452,032</u>	<u>\$ 204,655</u>	<u>\$ 656,687</u>

**WAKEMED**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Financial Statement Classification of Variable Rate Demand Bonds**

The Series 2009B and 2009C Bonds are variable rate demand bonds. The interest rates on these bonds are indexed to a current short-term market rate. In addition, a demand feature allows the bondholders to give seven days' notice to require the bonds be remarketed at par value plus accrued interest. In the unlikely event remarketing fails, WakeMed can draw upon an irrevocable Letter of Credit with a financial institution to repay the bondholders. The current Letter of Credit expires on October 20, 2014. If WakeMed draws on the Letter of Credit, it will be obligated under the Reimbursement and Security Agreement to repay each tender advance, including interest at the Tender Advance Rate, as defined (approximately 6.25% at September 30, 2013) in ten semi-annual payments, beginning 180 days after the date the tender advance is made. Any remaining unpaid balance will be due upon the earlier of the first anniversary of the Letter of Credit termination date, or, if applicable, the date the bonds are remarketed. In accordance with U.S. generally accepted accounting principles, maturities of the 2009B and 2009C variable rate demand bonds are reported in the combined statements of net position under the Reimbursement and Security Agreement as follows:

	Series 2009B Bonds	Series 2009C Bonds	Series 2012A Bonds	Other	Total Principal	Interest Payments	Total Debt Service
2014	\$ 7,500	\$ 7,076	\$ 5,955	\$ 1,453	\$ 21,984	\$ 21,817	\$ 43,801
2015	15,000	14,153	6,090	1,586	36,829	21,067	57,896
2016	52,500	49,536	6,295	1,695	110,026	16,653	126,679
2017	-	-	6,570	1,428	7,998	13,100	21,098
2018	-	-	6,890	1,530	8,420	12,728	21,148
2019-2023	-	-	39,515	7,664	47,179	57,417	104,596
2024-2028	-	-	57,380	1,706	59,086	45,230	104,316
2029-2033	-	-	105,365	-	105,365	24,873	130,238
2034-2038	-	-	44,980	-	44,980	7,194	52,174
2039	-	-	10,165	-	10,165	219	10,384
	<u>\$ 75,000</u>	<u>\$ 70,765</u>	<u>\$ 289,205</u>	<u>\$ 17,062</u>	<u>\$ 452,032</u>	<u>\$ 220,298</u>	<u>\$ 672,330</u>

**Revolving Line of Credit**

On August 28, 2013, WakeMed entered into a revolving line of credit agreement with a financial institution for an aggregate principal amount not to exceed \$50 million. As of September 30, 2013, WakeMed has not drawn on the revolving line of credit.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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(IN THOUSANDS)

**NOTE 8 PENSION AND CONTRIBUTION PLANS**

**Retirement Pension Plan**

WakeMed has a noncontributory, defined benefit pension plan (the "Plan") covering all employees who are 20 5 years of age and have completed 6 months of employment. WakeMed's funding policy is based upon actuarially calculated amounts to fund normal pension costs and any unfunded accrued liability. The Plan is considered a governmental entity under Section 401(a) of the Internal Revenue Code of 1954. As such, accounting and reporting for the Plan is governed by GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* ("GASB No. 27").

The Plan was frozen effective December 31, 2010. All active employed participants as of this date were vested immediately. No further compensation will be recognized after December 31, 2010.

The annual required contribution was computed as part of an actuarial valuation performed as of January 1, 2013 using the frozen entry age cost method. Significant actuarial assumptions used in the 2013 and 2012 valuations include the following:

	2013	2012
Discount Rate	5.75%	7.00%
Rate of Return on Plan Assets	5.75%	7.00%
Mortality	Section 430(h)(3)(A) of IRS Code	Section 430(h)(3)(A) of IRS Code
Projected Salary Increases	N/A	N/A

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under GASB No. 27. These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years.

The annual pension cost and net pension obligation were as follows for the years ended September 30, 2013 and 2012:

	2013	2012
Annual Pension Cost	\$ (481)	\$ (347)
Contributions Made	-	1,851
Increase (Decrease) in Prepaid Pension Obligation	(481)	1,504
Prepaid Pension Obligation		
Beginning of Year	2,800	1,296
End of Year	\$ 2,319	\$ 2,800

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 8 PENSION AND CONTRIBUTION PLANS (CONTINUED)**

**Retirement Pension Plan (continued)**

Three-year Trend Information

	Annual Pension Cost	Actual Contributions	Actual Contributions as a Percentage of Annual Pension Cost	Net Pension Asset
2011	\$ 12,113	\$ 11,138	92%	\$ 924
2012	347	1,851	533%	2,800
2013	481	-	0%	2,319

As of January 1, 2013, the most recent actuarial date, the Plan was 102.37% funded on an accounting basis. The actuarial accrued liability for benefits was \$117,610 and the actuarial value of assets was \$120,393.

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

**Retirement Savings Plan**

WakeMed has a contributory, defined contribution retirement plan (the "Retirement Plan"), which covers all employees who have worked a minimum of 1,000 hours per year as defined in the Retirement Plan. WakeMed matched 50% of the participant's contributions up to 6% of the participant's salary beginning January 1, 2011.

WakeMed contributed approximately \$9,686 and \$8,527 to the Retirement Plan in fiscal years 2013 and 2012, respectively. WakeMed employees contributed approximately \$27,057 and \$23,997 in fiscal years 2013 and 2012, respectively. All costs are funded as accrued, and participants are 100% vested in the contributions to the Retirement Plan from WakeMed after three calendar years of service with a minimum of 1,000 hours worked in each year.

During 2012, WakeMed added an automatic employer contribution of 3% of each employee's annual salary to the Retirement Savings Plan. WakeMed contributed \$14,786 and \$10,603 to the plan in fiscal years 2013 and 2012, respectively. The same vesting requirement must be met as for WakeMed match contribution.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 8 PENSION AND CONTRIBUTION PLANS (CONTINUED)**

**457(f) Deferred Compensation Plan**

During 2012 WakeMed initiated an unfunded defined contribution 457(f) deferred compensation plan for the physicians and executives. Depending on the extent to which certain fiscal and personal performance goals are met, WakeMed makes a contribution of a percentage up to 4%, as determined by the Board, of the eligible employee's salary each year. All costs are unfunded and participants become 100% vested in each annual contribution and related earnings at the earliest of February 1 following the 4<sup>th</sup> anniversary or for all years of contributions as of the normal retirement date, death or separation due to disability or separation without cause. WakeMed contributed approximately \$424 and \$1,670 to plan year 2012 during the years ended September 30, 2013 and 2012, respectively. WakeMed contributed approximately \$1,612 related to plan year 2011 during the year ended September 30, 2012. No contributions were made to plan year 2013 as a result of required system targets not being attained. The contribution amounts are included in salaries, wages and employee benefits in the accompanying combined statements of revenues, expenses and changes in net position for the year ended September 30, 2012.

**NOTE 9 GAIN SHARE PROGRAM**

WakeMed provides a gain share program ("WakeShare") for employees meeting certain requirements. WakeShare encourages process improvements and cost savings within the organization. Depending on the extent to which certain financial, customer satisfaction and quality outcome goals are met, each eligible employee earns up to 2% of payroll earnings per goal. WakeMed met at least a portion of each goal in 2013 and 2012. There was no WakeShare expense recorded for the year ended September 30, 2013 as a result of the required system targets not being attained. WakeShare expense of approximately \$15,708 which is included in salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net position for the year ended September 30, 2012.

**NOTE 10 RISK MANAGEMENT**

WakeMed is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. WakeMed is self-insured for medical malpractice and workers' compensation up to the various limits discussed below. WakeMed has purchased commercial insurance to cover losses exceeding the self-insurance limits.

**Estimated Malpractice Costs**

WakeMed is self-insured for medical malpractice risks up to \$4,000 per claim, \$17,000 aggregate and \$2,000/\$2,000 buffer on a claims-made basis. In addition, WakeMed has excess coverage policies, which are limited to annual costs of \$75,000. Effective October 1, 2007, the Faculty Practice physicians were included in the self-insured coverage.



**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 10 RISK MANAGEMENT (CONTINUED)**

Losses from asserted claims and from unasserted claims identified under WakeMed's incident reporting system, and possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system, are accrued based on estimates that incorporate WakeMed's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Such estimates are prepared by an independent actuary. Accrued malpractice losses have been discounted at a rate of 2.1% and 2.1% in fiscal years 2013 and 2012, respectively.

The following is a summary of the activity in the liability for medical malpractice claims. These amounts are included in other noncurrent liabilities in the accompanying combined statements of net position for the years ended September 30, 2013 and 2012.

	Beginning Balance	Increases	Decreases	Ending Balance
2013	\$ 21,088	\$ 5,816	\$ (6,075)	\$ 20,829
2012	\$ 20,577	\$ 5,248	\$ (4,737)	\$ 21,088

Undiscounted estimated malpractice losses were \$25,261 and \$22,520 at September 30, 2013 and 2012, respectively.

During 2011, WakeMed moved the balance from the existing revocable trust fund, for the payment of medical malpractice claim settlements, to a captive insurance policy (see Note 2). The Dogwood Captive enables WakeMed direct access to reinsurers, provision of broader coverage and integration with an overall risk management plan. Independent actuaries were retained to assist WakeMed with determining amounts to be transferred to the Dogwood Captive.

**Workers' Compensation**

WakeMed is self-insured for workers' compensation claims with an excess coverage (stop-loss) policy that covers annual workers' compensation claims in excess of retentions of \$500 per claim and \$5,000 for all aggregate claims, with excess coverage of \$1,000 per claim and \$5,000 aggregate. WakeMed has utilized independent actuaries to estimate the ultimate cost of the self-insurance portion of the settlement of such claims. WakeMed's workers' compensation liability recorded within accounts payable and accrued liabilities in the accompanying combined statements of net position was \$5,668 and \$5,847, at September 30, 2013 and 2012, respectively. Workers' compensation expense recorded within salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net position for the years ended September 30, 2013 and 2012 was \$1,252 and \$2,105, respectively.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

WakeMed provides services primarily to the residents of Wake and surrounding counties without collateral or other proof of ability to pay. Concentrations of credit risk with respect to patient accounts receivable are limited due to the large number of patients served and the formalized agreements with third-party payors (see Note 3). WakeMed has significant gross patient accounts receivable (approximately 56% and 45%, respectively, in 2013 and 2012) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and Medicaid. Management does not believe there are significant credit risks associated with these governmental programs. With respect to the self-pay portion of patient accounts receivable, an allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables.

The allowance is based on historical collection experience and a review of the current status of the existing receivables. As of September 30, 2013 and 2012, WakeMed's gross patient accounts receivable consisted of the following payors:

	<u>2013</u>	<u>2012</u>
Managed Care	20 %	21 %
Medicare	33	26
Medicaid	23	19
Patients	17	24
Commercial	3	3
Other	4	7
	<u>100 %</u>	<u>100 %</u>

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

At September 30, 2013, WakeMed had contractual commitments of approximately \$12.7 million for the construction and renovation of various facilities, 85% of which is for the North Hospital Central Plant, Neonatal Bed Expansion, and North Hospital design.

WakeMed utilizes operating leases for various types of equipment and facilities. Rental expense relating to these leases was \$8,308 and \$7,774 in fiscal years 2013 and 2012, respectively. At September 30, 2013, future minimum lease payments due under operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

<u>Year Ending September 30,</u>	
2014	\$ 4,414
2015	4,253
2016	3,691
2017	3,327
2018	1,910
2019-2023	4,848
	<u>\$ 22,443</u>

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS)**

**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Self-Insured Health Insurance**

WakeMed self-insures its employees' health and dental plan. It has contracted with administrative service companies to supervise and administer the programs and act as its representative. Provisions for expected future payments are accrued based on WakeMed's experience and include amounts for claims filed and claims incurred but not reported.

**NOTE 13 THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT**

The Health Insurance Portability and Accountability Act ("HIPAA") was enacted August 21, 1996 to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations were required to be in compliance with certain HIPAA provisions beginning April 2003. Organizations are subject to fines and penalties if found not to be compliant with the provisions outlined in the regulations. On January 25, 2013, the Department of Health and Human Services (HHS) Office for Civil Rights (OCR) published its final omnibus rule modifying HIPAA as required by Health Information Technology for Economic and Clinical Health (HITECH) Act and the Genetic Information Nondiscrimination Act of 2008 (GINA). The final omnibus became effective on September 23, 2013. The modifications enhance patients' protections, strengthens HHS' enforcement abilities and attempt to reduce cost and increase flexibilities under the HIPAA rules. Management has evaluated the impact of this legislation on its operations and has implemented necessary changes to information systems and to operational processes to comply with the legislation. Implemented processes include provisions to comply with HITECH.

**NOTE 14 MINIMUM FUTURE RENTAL INCOME ON NONCANCELABLE OPERATING LEASES**

WakeMed and Property Services lease office and retail space in WakeMed Clayton Medical Park in Johnston County, WakeMed Heart Center, Raleigh Medical Park, and the Raleigh campus hospital to professional associations under various lease terms. Property Services also leases land in Wake County to developers for the Raleigh Medical Park, Brier Creek Healthplex and Physicians Office Pavilion Medical Building adjacent to WakeMed North Healthplex. The minimum future rental income on noncancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

<u>Year Ending September 30,</u>	
2014	\$ 1,178
2015	1,235
2016	1,213
2017	1,020
2018	347
2019-2023	838
	<u>\$ 5,831</u>

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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(IN THOUSANDS)

**NOTE 15 RESTRICTED NET POSITION**

Donor restricted net position as of September 30, 2013 and 2012 are restricted for the following purposes

	2013	2012
Indigent Care Programs	\$ 230	\$ 259
Children's Programs	10,068	10,008
Education Programs	509	535
Patient Care Programs	24,953	22,612
Endowment Funds	2,103	1,868
	<u>\$ 37,863</u>	<u>\$ 35,282</u>

**NOTE 16 ELECTRONIC HEALTH RECORD INCENTIVE PROGRAM**

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

WakeMed's physician practices demonstrated meaningful use for the 90-day period ended September 30, 2013, and received the first tentative incentive payments of approximately \$1,046 and \$557 for Medicare and Medicaid, respectively, in 2013. The \$1,603 received is recognized as other operating revenue in the statement of revenues, expenses, and changes in net position. The final amount of this payment will be determined based on information from WakeMed's Medicare cost report for the year ended September 30, 2013. Events could occur that would cause the final payment to differ materially upon final settlement.

WakeMed's hospitals demonstrated meaningful use for the 90-day period ended September 26, 2013, however, the funds were not received as of September 30, 2013. WakeMed expects to receive approximately \$4,847 and \$2,064 for Medicare and Medicaid, respectively, as a result of the hospitals' demonstration. A receivable of \$6,911 is included in other receivables on the statement of net position. Of the \$6,911 expected to be received, \$6,549 is recognized as other operating revenue in the statement of revenues, expenses, and changes in net position. The remaining \$362 is reserved and included in the due to third-party payors in the accompanying combined statements of net position. The final amount of this payment will be determined based on information from WakeMed's Medicare cost report for the year ended September 30, 2013. Events could occur that would cause the final payment to differ materially upon final settlement.

**WAKEMED**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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(IN THOUSANDS)

**NOTE 17 ADOPTION OF NEW ACCOUNTING STANDARD**

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Prior to the adoption of this standard, WakeMed amortized deferred financing costs over the life of the related debt. WakeMed also presented the deferred loss on refunding as a component of debt and the advanced receipt of grant proceeds as deferred revenue in the liabilities section of the combined statement of net position.

The standard is effective for WakeMed for the year ending September 30, 2014, however, WakeMed has elected early adoption of the standard. The below table summarizes the impact of the standard on the combined statement of net position as of September 30, 2012.

	Pre-Adoption Balance	Change	Post-Adoption Balance
<b>OTHER ASSETS</b>			
Deferred Bond Financing Costs, Net	\$ 4,238	\$ (4,238)	\$ -
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding of Debt	-	24,284	24,284
<b>CURRENT LIABILITIES</b>			
Unearned Revenue	1,257	(860)	397
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	422,912	34,208	457,120
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advanced Receipts of Grant Proceeds	-	860	860
<b>NET POSITION</b>			
Unrestricted	680,580	(14,162)	666,418

The following table summarizes the impact of the standard on the combined statement of revenues, expenses and changes in net position as of September 30, 2012.

	Pre-Adoption Balance	Change	Post-Adoption Balance
<b>OTHER OPERATING EXPENSES</b>			
Supplies, Purchased Services and Other	\$ 315,289	\$ 2,814	\$ 318,103
Interest Expense	15,993	(585)	15,408

Additional Data

Software ID:

Software Version:

EIN: 56-6017737

Name: WAKEMED

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
WILLIAM H MCBRIDE CHAIR - BOARD OF DIRECTORS	3 25 0 0	X								0
BRENDA C GIBSON VICE-CHAIR BOARD OF DIRECTORS	2 5 0 0	X								0
JERRY C BERNSTEIN MD SECRETARY - BOARD OF DIRECTORS	2 5 0 0	X								0
RICHARD F BAKER BOARD MEMBER	2 75 0 0	X								0
LARRY D BARBOUR BOARD MEMBER	2 5 0 0	X						0	0	
ROBERT A CERWIN BOARD MEMBER	2 25 0 0	X						0	0	
A BLANTON GODFREY PHD BOARD MEMBER	2 0 0 0	X						0	0	
DAN HUGHES BOARD MEMBER	1 25 0 0	X						0	0	
WILLIAM R MCNEAL BOARD MEMBER	2 5 0 0	X						0	0	
LESLIE MERRITT JR BOARD MEMBER	2 25 0 0	X						0	0	
DON MUNFORD BOARD MEMBER	1 75 0 0	X						0	0	
M JACKSON NICHOLS BOARD MEMBER	2 5 0 0	X						0	0	
CHRISTINA ALVARADO SHANAHAN BOARD MEMBER	2 5 0 0	X						0	0	
LORRAINE M WRIGHT PHD BOARD MEMBER	2 5 0 0	X						0	0	
WILLIAM K ATKINSON PHD CEO	70 0 0 0			X				1,176,987		82,501
MICHAEL DEVAUGHN CFO, EXECUTIVE VP	65 0 0 0			X				595,774		36,767
THOMAS GETTINGER COO, EXECUTIVE VP	70 0 0 0			X				586,536		62,937
ROYLYN JOHNSON OFFICER - SECRETARY	50 0 0 0			X				108,102		15,945
KATHLEEN K GORMLEY EXECUTIVE VP-OPER & AMBULATORY	65 0 0 0				X			632,089		50,543
DAVID COULTER SENIOR VP-ADMINISTRATOR CARY	65 0 0 0				X			450,127		48,324
JEANENE R MARTIN SENIOR VP-HUMAN RESOURCES	65 0 0 0				X			342,404		42,709
E DENTON ARLEDGE VP & CIO	60 0 0 0				X			337,918		47,973
THOMAS CAVENDER VP FACILITIES & CONTRUCTION	50 0 0 0				X			303,036		46,475
CAROLYN KNAUP SENIOR VP-AMBULATORY SERVICES	65 0 0 0				X			294,620		44,090
BETSY GASKINS-MCCLLAINE VP HEART & VASCULAR	70 0 0 0				X			275,753		38,930

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CYNTHIA ALNESS BOILY SENIOR VP-OPERATIONS & CNO	60 0 0 0				X			416,168		34,211
VICKI BLOCK SR VP & ADMINISTRATOR RALEIGH	54 0 0 0				X			338,061		22,840
DUDLEY HARRINGTON VP REVENUE CYCLE	60 0 0 0				X			329,951		35,991
GEORGIA C SUMIEL VP OPERATIONS	50 0 0 0				X			237,432		34,895
GURVINDER S DEOL PHYSICIAN	65 0 0 0					X		954,274		77,433
JONATHAN D CHAPPELL PHYSICIAN	65 0 0 0					X		776,842		53,790
TIMOTHY E HARRIS PHYSICIAN	65 0 0 0					X		733,480		65,554
MARK L WOOD PHYSICIAN	65 0 0 0					X		703,902		64,402
BRIAN M GO PHYSICIAN	70 0 0 0					X		695,100		60,838
THOMAS FETZER FORMER BOARD MEMBER/CONSULTANT	0 0 0 0						X	120,000		0