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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013

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

C Name of organization
North Mississippi Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
830 South Gloster Street
Suite

City or town, state or country, and ZIP + 4
Tupelo, MS 38801

D Employer identification number
64-0662976

E Telephone number
(662) 377-3977

G Gross receipts $ 1,168,167,063

F Name and address of principal officer
Joe Reppert
830 South Gloster Street
Tupelo, MS 38801

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www nmhs net/

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1982 | **M** State of legal domicile DE

Part I Summary

1 Briefly describe the organization's mission or most significant activities
North Mississippi Medical Center is a 650-bed regional referral center in Tupelo, MS, which serves more than 700,000 people in 24 counties in north MS, northwest AL and portions of TN

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	4,384
6	Total number of volunteers (estimate if necessary)	**6**	143
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	671,700	5,554,509
9	Program service revenue (Part VIII, line 2g)	608,315,878	581,241,447
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	9,365,062	15,998,166
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	14,605,308	12,717,145
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	632,957,948	615,511,267
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	66,525	56,815
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	281,979,820	281,065,542
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	329,077,376	338,088,378
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	611,123,721	619,210,735
19	Revenue less expenses Subtract line 18 from line 12	21,834,227	-3,699,468

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	965,936,290	958,176,857
21	Total liabilities (Part X, line 26)	363,582,784	274,591,277
22	Net assets or fund balances Subtract line 21 from line 20	602,353,506	683,585,580

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-08-15
Signature of officer | Date

JOE REPPERT EXECUTIVE VP/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Penny Wood CPA		2014-08-15		
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 190 E Capitol Street Ste 500 Jackson, MS 392012190			Phone no (601) 948-6700	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

NORTH MISSISSIPPI MEDICAL CENTER (NMMC) IS A 650-BED REGIONAL REFERRAL CENTER IN TUPELO, MS NMMC SERVES MORE THAN 700,000 PEOPLE IN 24 COUNTIES IN NORTH MISSISSIPPI, NORTHWEST ALABAMA AND PORTIONS OF TENNESSEE NMMC IS THE LARGEST HOSPITAL THAT IS PART OF THE NORTH MISSISSIPPI HEALTH SERVICES (NMHS) ORGANIZATION THE MISSION OF NMHS IS TO CONTINUOUSLY IMPROVE THE HEALTH OF THE PEOPLE OF OUR REGION NMMC WORKS TO ACHIEVE THIS CORPORATE MISSION TO IMPROVE THE HEALTH OF THE PEOPLE OF THIS REGION BY PROVIDING CONVENIENTLY ACCESSIBLE, COST-EFFECTIVE HEALTH CARE OF THE HIGHEST QUALITY

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 548,964,574 including grants of $ 56,815) (Revenue $ 583,666,351)

North Mississippi Medical Center (NMMC) serves more than 700,000 people in 24 counties in north Mississippi, northwest Alabama and portions of Tennessee In fiscal year 2013, there were 23,167 inpatient admissions, 83,542 emergency department visits, and 280,954 outpatient visits NMMC uses Press Ganey, the largest patient satisfaction survey company in the nation, that works with more than 7,000 healthcare facilities Randomly selected patients are asked about their experience with NMHS inpatient, outpatient, ER, home health and long term care services Area residents have access to a medical staff representing more than 40 medical specialties, as well as centers of excellence in cancer treatment and research, neurology, neurosurgery, cardiac surgery, cardiology, pulmonology, rehabilitation, chemical dependency and neonatal programs In addition, the NMMC Home Health Agency serves patients in 17 counties in north Mississippi and offers many complex and extremely high-tech procedures that can be performed in the home setting NMMC is designated as a Level II trauma center by the Mississippi State Department of Health To receive this designation, facilities must offer a full range of trauma capabilities, including an Emergency Department, a full service surgical suite, intensive care unit and diagnostic imaging, as well as make a commitment to consistently meet national guidelines or standards in caring for trauma patients In 2006, NMMC-Tupelo received the Malcolm Baldrige National Quality Award for innovative practices, a commitment to excellence and outstanding results This award is a symbol of world-class performance and is the nation's highest Presidential honor for organizational performance excellence NMMC is a participant in QUEST (Quality, Efficiency, Safety, with Transparency), a national initiative sponsored by fellow 2006 Baldrige recipient Premier NMMC benchmarks its quality measures against the very best hospitals and health systems in the United States This collaborative effort enables NMMC's physicians, nurses and analysts to learn from those with the best results in patient satisfaction, cost of care and appropriateness of care QUEST is one way that NMMC is continually working to improve patient safety and quality while safely reducing health care costs

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

One of the primary ways North Mississippi Medical Center (NMMC) serves the community is by providing care to various populations for which it receives no compensation or receives compensation at rates significantly less than established rates The Board of Directors of NMMC has established a policy under which NMMC provides care, without charge, to needy members of its community The charity care policy states that NMMC will provide necessary hospital services to patients free of charge with household income levels based on the federal poverty guidelines adjusted based on the median income for Mississippi compared to the median income nationally The Mississippi adjusted poverty guidelines is approximately 74% of the Federal Poverty Rate The policy further provides patients with household income levels above the Mississippi adjusted poverty guidelines will be liable for no more than the amount that their household income exceeds the applicable federal poverty guidelines The policy applies to individuals who reside in NMMC's 24-county service area, as defined by the policy Patients from outside the service area may also be granted charity care based on the judgment of NMMC management depending on their individual circumstances The policy also requires the patient to cooperate fully with NMMC's request for information with which to verify the patient's eligibility Following that policy, NMMC maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy Charges foregone, based on established rates, totaled approximately $63,538,364 in fiscal year 2013 Based on the gross charges provided to charity patients compared to total hospital gross charges, 4 3% of all services in fiscal year 2013 were provided on a charity basis The net cost of charity care provided by NMMC was approximately $22,915,000 in fiscal year 2013 The total cost estimate is based on the ratio of costs to charges for NMMC All of the foregone charges mentioned above are netted against patient service revenue to arrive at net patient service revenue as reflected as program service revenue on Part VIII of Form 990 in order to be consistent with financial statement reporting and are not reported as functional expenses on the tax return

4c (Code) (Expenses $ 1,867,000 including grants of $) (Revenue $)

North Mississippi Medical Center employs registered nurses and certified health educators that provide services to schools in the service area at no cost to the school systems These nurses and educators provide basic healthcare and instructional services to the students in the schools they serve The net cost of providing these services was approximately $1,246,000 in fiscal year 2013 NMMC also employs certified athletic trainers who provide services to high schools in the service area at no cost The trainers work with the sports teams at these schools on a daily basis during practice and training, as well as at in-season competitions The cost of providing these services was approximately $621,000 in fiscal year 2013

4d Other program services (Describe in Schedule O)

(Expenses $ 337,000 including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 551,168,574

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	229		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4,384		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 13		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶JOE REPPERT 830 SOUTH GLOSTER STREET Tupelo, MS (662) 377-3977

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								4,614,015	2,801,482	137,246

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 ▶ 183

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
AllscriptsEclipsys Solution Corp , PO Box 8538-0133 PHILADELPHIA PA 191710133	Support/Maint Fees	9,529,572
Mayo Collaborative , DBA Mayo Med Laboratories MINNEAPOLIS MN 554809146	Lab Testing	2,856,477
GE Healthcare , PO Box 402076 ATLANTA GA 303842076	Maintenance	2,768,696
Tupelo Emergency Group , PO Box 82368 LAFAYETTE LA 705982368	Physician Fees	2,172,127
McKesson Technologies , PO Box 98347 CHICAGO IL 606938347	Maintenance	1,786,795

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 ▶ 69

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	361,561			
	e	Government grants (contributions)	1e	4,934,405			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	258,543			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			5,554,509		
Program Service Revenue			Business Code				
	2a	Net Patient Service Revenue	900099		578,375,414	578,375,414	
	b	Related Rental Income	900099		2,866,033	2,866,033	
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			581,241,447		
	3	Investment income (including dividends, interest, and other similar amounts)			6,981,201		6,981,201
	4	Income from investment of tax-exempt bond proceeds			24,214		24,214
	5	Royalties			0		
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss)			0		
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	561,432,843	215,704			
	b	Less cost or other basis and sales expenses	552,032,398	623,398			
	c	Gain or (loss)	9,400,445	-407,694			
	d	Net gain or (loss)			8,992,751		8,992,751
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0		
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0		
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0		
		Miscellaneous Revenue	Business Code				
	11a	Employee Drug Sales	900099		7,853,214		7,853,214
	b	Cafeteria Revenue	900099		2,424,904	2,424,904	
	c	Child Development Center Revenue	900099		950,687		950,687
	d	All other revenue			1,488,340		1,488,340
	e	**Total.** Add lines 11a–11d			12,717,145		
	12	**Total revenue.** See Instructions			615,511,267	583,666,351	26,290,407

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	56,815	56,815		
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	3,389,753		3,389,753	
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	194,889,952	157,616,496	37,273,456	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	18,801,631	18,801,631		
9 Other employee benefits	49,927,804	49,927,804		
10 Payroll taxes	14,056,402	11,008,241	3,048,161	
11 Fees for services (non-employees)				
a Management	21,439,847		21,439,847	
b Legal	301,389		301,389	
c Accounting	291,948		291,948	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	841,657		841,657	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	45,247,050	43,977,451	1,269,599	
12 Advertising and promotion	1,979,556	1,979,556		
13 Office expenses	16,059,866	16,059,866		
14 Information technology	8,198,687	8,198,687		
15 Royalties . .	0			
16 Occupancy	8,378,922	8,378,922		
17 Travel	2,903,915	2,903,915		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	1,792,052	1,792,052		
20 Interest	4,420,506	4,420,506		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	39,356,009	39,356,009		
23 Insurance	186,351		186,351	
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	116,032,634	116,032,634		
b Bad Debt Expense	59,038,754	59,038,754		
c Repairs and Maintenance	2,828,600	2,828,600		
d Recruitment	2,817,661	2,817,661		
e All other expenses	5,972,974	5,972,974		
25 **Total functional expenses.** Add lines 1 through 24e	619,210,735	551,168,574	68,042,161	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		75,931,063	1	37,607,170
	2	Savings and temporary cash investments		15,027,064	2	13,426,587
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		100,157,671	4	100,138,846
	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	0
	8	Inventories for sale or use		12,693,222	8	12,790,297
	9	Prepaid expenses and deferred charges		1,744,382	9	1,940,796
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 709,025,030			
	b	Less accumulated depreciation	10b 450,952,194	255,720,526	10c	258,072,836
	11	Investments—publicly traded securities		445,854,588	11	474,162,898
	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	0
	15	Other assets See Part IV, line 11		58,807,774	15	60,037,427
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		965,936,290	16	958,176,857
Liabilities	17	Accounts payable and accrued expenses		166,639,523	17	89,658,871
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		175,383,231	20	168,395,331
	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		21,560,030	25	16,537,075
	26	**Total liabilities.** Add lines 17 through 25		363,582,784	26	274,591,277
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		600,364,439	27	681,448,317
	28	Temporarily restricted net assets		1,989,067	28	2,137,263
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		602,353,506	33	683,585,580
	34	Total liabilities and net assets/fund balances		965,936,290	34	958,176,857

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	615,511,267
2	Total expenses (must equal Part IX, column (A), line 25)	2	619,210,735
3	Revenue less expenses Subtract line 2 from line 1	3	-3,699,468
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	602,353,506
5	Net unrealized gains (losses) on investments	5	2,798,381
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	82,133,161
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	683,585,580

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

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			
Skipper Holliman Director	10.00	X						0	0	0
Jim Kelley Chairman	10.00	X						0	0	0
Zell Long Director	10.00	X						0	0	0
Hughes Milam Director	10.00	X						0	0	0
Mabel Murphree Director	10.00	X						0	0	0
Chris Rogers Director	10.00	X						0	0	0
Mary Werner Director	10.00	X						0	0	0
Barney Guyton Director	10.00	X						0	0	0
Mark Ray Director	10.00	X						0	0	0
Wilson Long Director	10.00	X						0	0	0
Mark Craig Director	10.00	X						0	0	0
Shane Hooper Director	10.00	X						0	0	0
Ronald Young Director	10.00	X						0	0	0
Bruce Toppin Secretary/VP/General Counsel	10.00 39.00			X				0	342,261	8,840
Joseph A Reppert Treasurer/Executive V P /CFO	10.00 39.00			X				0	630,943	8,840
Steve Altmiller President, (10/1/12-7/19/13)	40.00			X				735,905	0	9,056
Timothy H Moore President (7/22/13-8/30/13)	40.00			X				0	205,104	6,742
Bruce Ridgway Vice President	40.00				X			286,678		8,002
Mark S Williams VP/Chief Medical Officer	40.00				X			597,492	0	10,040
Johnny M Denham Service Line Administrator	40.00				X			210,822	0	0
Wanda Della Calce Service Line Administrator	40.00				X			191,222	0	3,181
Ellen Friloux Service Line Administrator	40.00				X			190,688	0	3,797
George Hand Service Line Administrator	40.00				X			178,456	0	7,471
Donna Lewis Pritchard Service Line Administrator	40.00				X			184,439	0	7,207
Thomas E Bozeman Vice President	40.00				X			327,206	0	8,456

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			
Octavius Ivy Service Line Administrator	40 0 0 0				X			164,886	0	6,340
Leslia Carter Service Line Administrator	40 0 0 0				X			169,575	0	3,378
Brian Condit Physician	40 0 0 0					X		287,983	0	8,840
Karen Hughes Physician	40 0 0 0					X		129,628	119,173	2,592
Mary Macy Physician	40 0 0 0					X		251,986	0	4,446
J Edward Hill Physician	40 0 0 0					X		264,608	0	8,456
George Van Osten Physician	40 0 0 0					X		442,441	0	7,676
Gerald Wages Former Treasurer	0 0 40 0						X		214,043	3,846
John Heer Former President & CEO	0 0 40 0						X		1,289,958	10,040

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,621,170		4,621,170
b Buildings		272,303,886	164,341,175	107,962,711
c Leasehold improvements		0		
d Equipment		401,239,177	276,859,397	124,379,780
e Other		30,860,797	9,751,622	21,109,175
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				258,072,836

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

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

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

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

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

(a) Description	(b) Book value
(1) Trusteed Acquisition Fund	15,849,177
(2) Ppd Software Maint /Training	10,490,075
(3) Due from Affiliates	24,740,089
(4) Other Receivables	1,486,939
(5) Int in Net Assets of Affil Fdn	2,137,264
(6) Unamortized Bond Issue Cost	1,447,115
(7) Other Asset	2,576,857
(8) Accrued Interest Receivable	121,911
(9) DUE FROM THIRD PARTY PAYORS	1,188,000
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	60,037,427

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
IT CONTRACT	11,881,712
Fair Value of Int Rate Swaps	4,655,363
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	16,537,075

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

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

1	Total revenue, gains, and other support per audited financial statements			1	562,641,118
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	2,798,381		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-55,668,530		
e	Add lines **2a** through **2d**			2e	-52,870,149
3	Subtract line **2e** from line **1**			3	615,511,267
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	615,511,267

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

1	Total expenses and losses per audited financial statements			1	560,171,981
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	560,171,981
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	59,038,754		
c	Add lines **4a** and **4b**			4c	59,038,754
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	619,210,735

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
Part X, Line 2		The Medical Center applies FASB ASC Topic 740 for Income Taxes ("Topic 740"), which clarifies the accounting for uncertainty in income tax positions, and provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined There has been no impact on the Medical Center's financial statements as a result of Topic 740
Part XI, Line 2d		Change in fair value of interest rate swaps of 3,370,224 was included in revenue on the financial statements but not on Form 990 Bad debt expense of 59,038,754 was included in patient revenue on the financial statements but is included in expense on the return
Part XII, Line 4b		Bad debt expense of 59,038,754 was included in patient revenue on the financial statements but is included in expense on the return

Additional Data

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) Trusteed Acquisition Fund	15,849,177
(2) Ppd Software Maint /Training	10,490,075
(3) Due from Affiliates	24,740,089
(4) Other Receivables	1,486,939
(5) Int in Net Assets of Affil Fdn	2,137,264
(6) Unamortized Bond Issue Cost	1,447,115
(7) Other Asset	2,576,857
(8) Accrued Interest Receivable	121,911
(9) DUE FROM THIRD PARTY PAYORS	1,188,000

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 74 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b		No
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			22,890,680		22,890,680	4 090 %
b Medicaid (from Worksheet 3, column a)			53,437,315	56,207,763	-2,770,448	
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			76,327,995	56,207,763	20,120,232	4 090 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,203,619		2,203,619	0 390 %
f Health professions education (from Worksheet 5)			5,100,440	1,743,407	3,357,033	0 600 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			7,304,059	1,743,407	5,560,652	0 990 %
k **Total.** Add lines 7d and 7j			83,632,054	57,951,170	25,680,884	5 080 %

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

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

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 59,038,754			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	216,361,105	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	221,548,307	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-5,187,202	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	North Mississippi Medical Center 830 S Gloster Street Tupelo, MS 38801	X									

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group North Mississippi Medical Center

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 74 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year?
11

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
Part I, Line 3C		North Mississippi Medical Center, Inc does not use the Federal Poverty Guidelines to determine eligibility for discounted care The Federal Poverty Guidelines are used only for free care Discounted care is given to anyone regardless of income level if they do not have insurance North Mississippi Medical Center will provide its prevalent managed care discount to any patient that meets North Mississippi Medical Center's definition of uninsured (an individual having no third party coverage by commercial third party insurer, an ERISA plan, Medicare, Medicaid, SCHIP, Champus or other coverage for all or part of their bill)
Part I, Line 6A		North Mississippi Medical Center's community benefit information is included in the community benefit report of its parent company, North Mississippi Health Services, Inc North Mississippi Health Services (NMHS) is a diversified regional health care organization, which serves 24 counties in north Mississippi and northwest Alabama from headquarters in Tupelo, MS The NMHS organization covers a broad range of acute diagnostic and therapeutic services, offered through North Mississippi Medical Center in Tupelo, a community hospital system with locations in Eupora, Iuka, Pontotoc, West Point, MS, and Hamilton AL, North Mississippi Medical Clinics, a regional network of more than 30 primary and specialty clinics, and nursing homes NMHS offers a comprehensive portfolio of managed care plans

Identifier	ReturnReference	Explanation
Part I, Line 7G		Not applicable
Part I, Line 7, column (f)		Bad Debt Expense of $59,038,754 was included in total expense on Form 990, Part IX, Line 25, Column (A), but was subtracted from total expense for purposes of calculating the percentage of total expense in column (F)

Identifier	ReturnReference	Explanation
Part I, Line 7		A cost to charge ratio was used for the amounts reported in the table for Line 7 The cost to charge ratio for Line 7 was calculated using Worksheet 2
Part III, Line 4		North Mississippi Medical Center's (NMMC) financial statements do not include a footnote specifically concerning bad debt Bad debt is shown as a separate line item on the face of the income statement The amount of bad debt booked each year is based on a review of outstanding receivables and their age from date of service The older the account, the higher the reserve percentage used to estimate bad debt Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluations and specific circumstances of the account The amount reported in Part III, line 2 as bad debt expense matches the amount of bad debt expense reported on NMMC's audited financial statements North Mississippi Medical Center (NMMC) follows the Catholic Health Association guidelines and does not include bad debt in any community benefit amounts NMMC, however, believes that some portion of bad debt results from patients who could qualify for charity care but has no way of making an estimate of the amount and therefore has answered "zero" for Part III Line 3

Identifier	ReturnReference	Explanation
Part III, Line 8		The ratio of cost to charges used in the calculation of costs for Medicare was taken from the Medicare Cost Report Lines 5, 6, & 7 do not include certain Medicare programs and costs and thus do not reflect all of the organization's revenues and costs associated with its participation in Medicare programs Additional revenues and costs not reported on Lines 5, 6, & 7 include those associated with the organization's Medicare outpatient lab, ambulance and therapy services Total revenues from these activities were $8,749,491 and total costs were $9,770,032 for a net shortfall of $1,020,541 When combined with the shortfall reported on Line 7, the net shortfall from all Medicare programs is $6,207,743
Part III, Line 9b		North Mississippi Medical Center does not pursue collection of amounts determined to qualify as charity care

Identifier	ReturnReference	Explanation
Part V, Line 1j		A description of health indicators that affect the overall health of the community enabling access to health care
Part V, Line 3		Telephone and mail surveys involving various people in the community were conducted and the findings were summarized in the CHNA report North Mississippi Medical Center's Community Health Department also works closely with the local and state departments of health, which has resulted in several projects concerning obesity and smoking cessation

Identifier	ReturnReference	Explanation
Part V, Line 4		North Mississippi Medical Center is part of the North Mississippi Health Services' diversified regional healthcare system North Mississippi Health Services operates five community hospitals in addition to North Mississippi Medical Center The CHNA included North Mississippi Medical Center, Clay County Medical Corporation, Pontotoc Health Services, Webster Health Services, Tishomingo Health Services, and Marion Regional Medical Center
Part V, Line 5c		The CHNA report was not posted on North Mississippi Medical Center's website by 9/30/2013 However, the report has since been posted to the website at http //www nmhs net/communityreport php

Identifier	ReturnReference	Explanation
Part V, Line 7		There were numerous health needs identified in the CHNA report as the state of Mississippi ranks last in the U S regarding overall health It is not financially feasible for North Mississippi Medical Center to address each of the needs identified Instead, North Mississippi Medical Center has prioritized and addressed the needs that cause the biggest concern for the community Currently, North Mississippi Medical Center is addressing the most pressing needs of obesity (including child hood obesity), smoking cessation, and diabetes
Part V, Line 11		North Mississippi Medical Center, Inc does not use the Federal Poverty Guidelines to determine eligibility for discounted care The Federal Poverty Guidelines are used only for free care Discounted care is given to anyone regardless of income level if they do not have insurance North Mississippi Medical Center will provide its prevalent managed care discount to any patient that meets North Mississippi Medical Center's definition of uninsured (an individual having no third party coverage by commercial third party insurer, an ERISA plan, Medicare, Medicaid, SCHIP, Champus or other coverage for all or part of their bill)

Identifier	ReturnReference	Explanation
Part VI, Line 2	Needs Assessment	North Mississippi Medical Center utilizes varied but complimentary methods to assess the health care needs of the communities it serves The North Mississippi Medical Center Community Health Needs Assessment is performed every three years and provides information on health status, utilization of health services, healthy beliefs and satisfaction with health care services In addition, the North Mississippi Medical Center Community Relations Facilitator conducts routine visits with internal and external stakeholders The information gathered through several qualitative survey questions is used to determine community needs
Part VI, Line 3	Patient education of eligibility for assistance	Explanations of the North Mississippi Medical Center charity care policy are communicated in a variety of forms including signage at all admission and registration areas, on the web site, on bills and statements, and in admission packets Financial counselors assist the patient and responsible parties with determining eligibility for government programs, primarily Medicaid, and charity care status The patient can apply for charity care at any time from the date of service through the collection process and once qualified and approved all collection efforts are stopped

Identifier	ReturnReference	Explanation
Part VI, Line 4	Community Information	North Mississippi Medical Center serves more than 700,000 people in 24 counties in north Mississippi, northwest Alabama and portions of Tennessee The most populous counties are Lee and Lowndes in MS and Colbert County in AL The population for the service area is projected to remain essentially flat over the next five years The patient population for North Mississippi Medical Center is covered by insurance or is uninsured as follows 50 11% Medicare, 9 85% Medicaid, 31 54% private insurance with 8 5% is uninsured
Part VI, Line 5	Promotion of community health	North Mississippi Medical Center (NMMC) has a commitment to a wide variety of community health outreach activities, which are coordinated by the Community Health department and are staffed by employees of that department as well as by NMMC employees who volunteer their time to help with these events and activities The Community Health department assists in educating the community on health-related issues by organizing and presenting various health fairs and seminars These events are held at local businesses, schools and community organizations and address such issues as cancer care, heart health, bone and joint care, sinus and allergy issues, newborn and child care, and other health-related topics In addition, the Community Health department sponsors cholesterol, blood pressure, vision, memory, and heart-risk screening events, through which tests are made available to the public for a nominal fee or at no charge with the majority of the costs incurred absorbed by NMMC NMMC also employs registered nurses and certified health educators and provides their services to schools in its service area at no cost to the school systems These nurses and educators provide basic healthcare and instructional services to the students in the schools they serve

Identifier	ReturnReference	Explanation
Part VI, Line 6	Affiliated Health Care System	As noted above, North Mississippi Medical Center (NMMC) is part of North Mississippi Health Services (NMHS) NMHS operates five community hospitals in addition to NMMC, as well as, North Mississippi Medical Clinics, which operates more than 30 medical clinics Some of these facilities operate at an ongoing financial loss and NMHS provides operating funds in the form of working capital loans that have no set repayment date These working capital loans have historically been converted to capital transfers in many cases, and therefore, the loans are forgiven such that the facility never makes repayment NMHS does this in order to provide access to a variety of services across the service area and is an intentional part of its business model The community health department that is part of NMMC coordinates a variety of community health activities across the service area as well
Part VI, Line 7	State filing of community benefit report	North Mississippi Medical Center does not file a community benefit report with the state of Mississippi as there is no requirement to do so The community benefit report is available online at nmhs net

Additional Data

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

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?
11

Name and address	Type of Facility (describe)
NMMC Behavioral Health 4579 South Eason Tupelo, MS 38801	Mental Health Facility
Baldwyn Nursing Facility 739 4th Street Baldwyn, MS 38824	Mental Health Facility
NMMC Women's Hospital 4566 South Eason Tupelo, MS 38801	Mental Health Facility
NMMC Breast Care Center 4376 South Eason Tupelo, MS 38801	Mental Health Facility
NMMC Family Practice Residency Center 1680 South Green Street Tupelo, MS 38801	Mental Health Facility
NMMC Home Care and Hospice 422A E President Street Tupelo, MS 38801	Mental Health Facility
NMMC Longtown Rehab 4381 South Eason Blvd Tupelo, MS 38801	Mental Health Facility
NMMC Cancer Center 990 South Madison Tupelo, MS 38801	Mental Health Facility
NMMC Wellness Center 1030 South Madison Tupelo, MS 38801	Mental Health Facility
Pontotoc Wellness Center 38 West Reynolds Street Pontotoc, MS 38863	Mental Health Facility
Baldwyn Wellness Center 920 North Fourth Street Suite A Baldwyn, MS 38824	Mental Health Facility

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Scholarships & Academic Reimbursements	34	56,815			

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
Part I, Line 2		The Hospital grants scholarships and academic reimbursements to employees based Yn an application process Employees that are selected for this program must maintain a 2 5 GPA for an Associate and Bachelors Degree and a 3 0 GPA for a Masters degree and above The Hospital reimburses the employee the cost of the tuition at the in-state rate for courses that are defined in the curriculum provided by the College attended

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Part I, Line 4b		Participants Steve Altmiller $29,509 Joe Reppert $17,023 Mark Williams $22,183 John Heer $81,527 Terms & Conditions North Mississippi Health Services, Inc (NMHS) adopted the Management Deferred Annuity Plan (the Plan) on October 1, 1998 Participants in the Plan are designated by the Compensation Committee of the Board of Directors of NMHS At the beginning of each Plan Year, NMHS shall pay a contribution, less withholding for taxes, to the Participant's annuity contract, which is a deferred annuity contract selected, owned, and controlled by the Participant The contribution is determined by multiplying the participant's compensation in the preceding plan year by a percentage set forth in Appendix B of the Plan A participant is terminated from the Plan on the earliest of (1) the date the Board determines the employee is no longer a participant, (2) the date the Participant retires, (3) the date that the Participant dies, or (4) the date the Participant no longer is employed by NMHS for reasons other than retirement or death

Additional Data Return to Form

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

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				
Bruce Toppin	(I)	0	0	0	0	0	0	
	(II)	238,115	97,237	6,909	5,000	3,840	351,101	
Bruce Ridgway	(I)	181,013	81,223	24,442	4,546	3,456	294,680	
	(II)							
Brian Condit	(I)	276,269	11,162	552	5,000	3,840	296,823	
	(II)	0	0	0	0	0	0	
Joseph A Reppert	(I)	0	0	0	0	0	0	
	(II)	406,866	206,154	17,923	5,000	3,840	639,783	
Mark S Williams	(I)	397,236	158,751	41,505	5,000	5,040	607,532	
	(II)	0	0	0	0	0	0	
Johnny M Denham	(I)	171,392	33,965	5,465	0	0	210,822	
	(II)	0	0	0	0	0	0	
Wanda Della Calce	(I)	155,480	30,809	4,933	3,181	0	194,403	
	(II)	0	0	0	0	0	0	
Ellen Friloux	(I)	155,480	30,902	4,306	3,797	0	194,485	
	(II)	0	0	0	0	0	0	
George Hand	(I)	144,901	29,440	4,115	3,631	3,840	185,927	
	(II)	0	0	0	0	0	0	
Donna Lewis Pritchard	(I)	150,810	30,606	3,023	3,751	3,456	191,646	
	(II)	0	0	0	0	0	0	
Thomas E Bozeman	(I)	207,244	91,523	28,439	5,000	3,456	335,662	
	(II)	0	0	0	0	0	0	
Steve Altmiller	(I)	467,909	219,165	48,831	5,000	4,056	744,961	
	(II)	0	0	0	0	0	0	
Gerald Wages	(I)							
	(II)	77,207	109,934	26,902	3,558	288	217,889	
Octavius Ivy	(I)	134,268	27,936	2,682	0	6,340	171,226	
	(II)	0	0	0	0	0	0	
Leslia Carter	(I)	141,274	27,658	643	3,378	0	172,953	
	(II)	0	0	0	0	0	0	
Karen Hughes	(I)	119,658	9,970	0	2,592	0	132,220	
	(II)	117,589	0	1,584	0	0	119,173	
Mary Macy	(I)	251,399	35	552	3,846	600	256,432	
	(II)	0	0	0	0	0	0	
J Edward Hill	(I)	247,489	15,265	1,854	5,000	3,456	273,064	
	(II)	0	0	0	0	0	0	
Timothy H Moore	(I)	0	0	0	0	0	0	
	(II)	147,989	39,643	17,472	3,462	3,280	211,846	
George Van Osten	(I)	442,220	5	216	2,771	4,905	450,117	
	(II)	0	0	0	0	0	0	

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
John Heer	(I)							
	(II)	728,526	478,525	82,907	5,000	5,040	1,299,998	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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	Mississippi Hospital & Equip Facilities Authority	64-0732320	605360MV5	07-02-2003	91,564,031	See Part VI		X		X		X
B	Mississippi Hospital Equip & Facilities Authority	64-0732320	605360RS7	08-18-2010	76,018,658	See Part VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	93,769,870	76,812,346		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	904,266	1,018,662		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	32,205,313	64,542,203		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	11,251,481		
13	Year of substantial completion	2009			

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

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		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%		%		%	
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				
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				
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				
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				

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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X					
b	Exception to rebate?		X		X				
c	No rebate due?	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				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X				
b	Name of provider	Goldman Sachs		0					
c	Term of hedge		12 7						
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider	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				
7	Has the organization established written procedures to monitor the requirements of section 148?		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				

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

Identifier	Return Reference	Explanation
See Additional Data Table		

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
	0	Schedule K, Part I North Mississippi Medical Center, along with certain North Mississippi Health Services affiliates (collectively known as the Obligated Group), periodically issu e tax-exempt revenue bonds under the terms of a related master indenture Only North Missi ssippi Medical Center's related share is reported in this schedule

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part I, Column (f)	0	Bond A To refund a prior issue, fund new construction, and purchase equipment Bond B To fund new contruction and purchase equipment and MIS systems

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part III, Line 9	0	Currently, North Mississippi Medical Center's procedures are not written However, the org anization is in the process of establishing written procedures

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part IV, Line 2c	0	Date of rebate computation 9/9/2010

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part IV, Line 4c	0	Term of Hedge Series 1 12 7 years Series 2 29 7 years

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part IV, Line 6	0	Although funds were invested beyond the temporary period, the yield did not exceed the allowable amount

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part IV, Line 7	0	Currently, North Mississippi Medical Center's procedures are not written However, the org anization is in the process of establishing written procedures

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part V	0	Currently, North Mississippi Medical Center's procedures are not written However, the org anization is in the process of establishing written procedures

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Urology PA	See Part V	287,970	Rental of office space		No
(2) BancorpSouth	See Part V	301,511	Service Charges & Trust Fees		No
(3) Urology PA	See Part V	1,103,805	Lithotripter Services		No
(4) Center for Digestive Health	See Part V	318,756	Rental of office space		No
(5) Center for Digestive Health	See Part V	13,288	Other Miscellaneous Expenses		No
(6) Center for Digestive Health	See Part V	33,397	Nursing Home & Pt Care Svs		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
Schedule L, Part IV, Column (b)		Urology, PA - Entity more than 5% owned by Hughes Milam, director BancorpSouth - Entity which Jim Kelley, Director, is an officer Center for Digestive Health - Entity more than 5% owned by Barney Guyton, director

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

Identifier	Return Reference	Explanation
Form 990, Page 2, Part III, Line 4d		North Mississippi Medical Center's Community Health Department assists in educating the community on health-related issues by organizing and presenting various health fairs and seminars The events are held at local businesses, schools, and community organizations and address various healthcare topics in addition to offering various screenings and tests at a nominal fee or at no charge The costs associated with the outreach activities were approximately $337,000 in fiscal year 2013

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section A, Line 6		North Mississippi Medical Center, Inc is a not-for-profit, nonstock, membership corporation of which North Mississippi Health Services, Inc is the sole member and has sole voting control

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section A, Line 7a		The Governance Committee of North Mississippi Health Services, Inc (NMHS), which is made up of past Chairmen, nominate candidates for the Board These candidates are then approved by the Board of NMHS

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section A, Line 7b		The Board of North Mississippi Health Services, Inc approves all transactions that exceed $1 million

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section b, Line 11b		The Form 990 goes through a review process in the Accounting Department The accountant for each facility reviews the return for reasonableness and accuracy All totals are tied to the audit reports, and all amounts are cross-referenced to schedules or other parts of the actual return Once the accountant reviews, the Accounting Supervisor and the Director of Accounting reviews The Supervisor does a detailed review by checking the return for the same items that the accountant checked for Then the Director does a more high level review, reading the return for reasonableness and comparing prior year amounts to current year amounts Finally, the VP of Finance reviews the return for reasonableness The return is then sent to the Executive VP/Treasurer to be reviewed and presented to the Board The Treasurer signs the return and it is then sent to the IRS

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section B, Line 12c		An annual conflict of interest questionnaire is required to be completed by all officers and directors of the organization The questionnaire is reviewed by North Mississippi's Health Services, Inc 's compliance officer and Conflict Committee The Conflict Committee reviews conflict transactions and makes recommendations to the board of directors regarding conflict transactions in accordance with the organization's conflict of interest policy All members of the Conflict Committee are prohibited from engaging in transactions with the organization or its affiliates during their tenure on the Conflict Committee and one year after their service concludes

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section B, Line 15a&b		An independent compensation consulting firm, The Hay Group, is used to help establish the compensation of the CEO, Executive Director, other officers, and key employees The firm presents their independent analysis, which contains comparability data, to the Compensation Committee of North Mississippi Health Services, Inc In addition to this, the VP of Human Resources obtains another independent analysis from another compensation consulting firm in order to verify the information provided by The Hay Group The compensation of the individuals are then approved by the Compensation Committee The salaries of NMHS' CEO and senior leadership are then reviewed by the NMHS Board of Directors The individual whose compensation is being discussed is not present during the discussion or approval of their compensation The discussions and decisions regarding the compensation are documented in the minutes of the meetings Compensation of these individuals is approved annually

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section C, Line 19		The governing documents, conflict of interest policy, and financial statements are available to the public upon request A consolidated statement of operations is available on the organization's website

Identifier	Return Reference	Explanation
Form 990, Page 12, Part XI, Line 9		Pension related changes other than net periodic pension cost 78,614,741 Increase in interest in net assets of Affiliated Foundation 148,196 Change in fair value of interest rate swaps 3,370,224 Total other changes in net assets or fund balance = 82,133,161

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
North Mississippi Medical Center Inc

Employer identification number
64-0662976

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

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

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

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	(i) No
(1) North MS Health Link Inc 830 S Gloster Street Tupelo, MS 38801 64-0715886	Medical Services	DE	NA	C Corp					
(2) North MS Enterprises Inc 830 S Gloster Street Tupelo, MS 38801 64-0658059	Medical Services	DE	NA	C Corp					
(3) Professional Practice Management Inc 830 S Gloster Street Tupelo, MS 38801 72-1390014	Med Serv Mgmt	DE	NA	C Corp					
(4) Acclaim Inc 830 S Gloster Street Tupelo, MS 38801 72-1356116	Hlth Care Claims	DE	NA	C Corp					
(5) North MS Support Services Inc 830 S Gloster Street Tupelo, MS 38801 26-0718275	Support Services	DE	NA	C Corp					

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

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

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

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

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 64-0662976
Name: North Mississippi Medical Center Inc

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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KPMG

NORTH MISSISSIPPI MEDICAL CENTER, INC.

Financial Statements

September 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Directors
North Mississippi Medical Center, Inc

We have audited the accompanying financial statements of North Mississippi Medical Center, Inc (the Medical Center), which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of North Mississippi Medical Center, Inc 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 U S generally accepted accounting principles

Emphasis of Matter

As discussed in note 1(u) to the financial statements, the Medical Center adopted the provisions of Accounting Standard Update No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, on October 1, 2012, and retroactively applied the provisions to all periods presented Our opinion is not modified with respect to this matter

KPMG LLP

Jackson, Mississippi
January 17, 2014

NORTH MISSISSIPPI MEDICAL CENTER, INC.

Balance Sheets

September 30, 2013 and 2012

(In thousands)

Assets		2013	2012
Current assets			
Cash and cash equivalents	$	51,034	90,958
Investments		416,037	390,620
Net patient accounts receivable		100,139	100,158
Other current assets		19,404	16,296
Total current assets		586,614	598,032
Assets limited as to use		72,099	82,695
Property and equipment, net		258,073	255,721
Other assets		41,391	29,489
Total assets	$	958,177	965,937
Liabilities and Net Assets			
Current liabilities			
Accounts payable	$	26,214	26,363
Accrued expenses and other current liabilities		36,898	43,210
Current installments of long-term debt		94,393	100,736
Total current liabilities		157,505	170,309
Fair value of interest rate swaps		4,655	8,026
Accrued pension cost		28,286	98,719
Long-term debt, excluding current installments		74,002	74,647
Other long-term liability		10,143	11,882
Total liabilities		274,591	363,583
Net assets			
Unrestricted		681,449	600,365
Temporarily restricted		2,137	1,989
Total net assets		683,586	602,354
Commitments and contingencies			
Total liabilities and net assets	$	958,177	965,937

See accompanying notes to financial statements

NORTH MISSISSIPPI MEDICAL CENTER, INC.

Statements of Operations

Years ended September 30, 2013 and 2012

(In thousands)

	2013	2012
Unrestricted revenues and other support		
Net patient service revenue	$ 578,376	605,814
Provision for uncollectible accounts	(59,039)	(66,299)
Net patient service revenue less provision for uncollectible accounts	519,337	539,515
Other revenue	18,252	15,010
Total unrestricted revenues and other support	537,589	554,525
Expenses		
Salaries and wages	197,462	192,582
Employee benefits	83,604	89,395
Supplies	71,430	70,846
Drugs	43,525	44,937
Professional services	11,748	9,190
Purchased services	27,437	17,578
Administrative and general	79,650	80,097
Rent	1,539	1,375
Interest	4,421	3,863
Depreciation and amortization	39,356	34,960
Total expenses	560,172	544,823
(Loss) income from operations	(22,583)	9,702
Nonoperating gains, net	25,052	29,818
Revenues, gains, and other support in excess of expenses and losses	2,469	39,520
Pension-related changes other than net periodic pension cost	78,615	(26,562)
Transfers of capital to affiliates of North Mississippi Health Services, Inc	—	(19,869)
Net assets released from restrictions and used for purchase of property and equipment	—	500
Change in unrestricted net assets	$ 81,084	(6,411)

See accompanying notes to financial statements

NORTH MISSISSIPPI MEDICAL CENTER, INC.

Statements of Changes in Net Assets

Years ended September 30, 2013 and 2012

(In thousands)

	Unrestricted	Temporarily restricted	Total
Balances at September 30, 2011	$ 606,776	2,475	609,251
Revenues, gains, and other support in excess of expenses and losses	39,520	—	39,520
Pension-related changes other than net periodic pension cost	(26,562)	—	(26,562)
Decrease in interest in net assets of affiliated foundation	—	(486)	(486)
Transfers of capital to affiliates of North Mississippi Health Services, Inc	(19,869)	—	(19,869)
Net assets released from restrictions and used for purchase of property and equipment	500	—	500
Change in net assets	(6,411)	(486)	(6,897)
Balances at September 30, 2012	600,365	1,989	602,354
Revenues, gains, and other support in excess of expenses and losses	2,469	—	2,469
Pension-related changes other than net periodic pension cost	78,615	—	78,615
Increase in interest in net assets of affiliated foundation	—	148	148
Change in net assets	81,084	148	81,232
Balances at September 30, 2013	$ 681,449	2,137	683,586

See accompanying notes to financial statements

NORTH MISSISSIPPI MEDICAL CENTER, INC.

Statements of Cash Flows

Years ended September 30, 2013 and 2012

(In thousands)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 81,232	(6,897)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Transfers of capital to affiliates of North Mississippi Health Services, Inc	—	19,869
Unrealized and realized investment gains, net	(12,178)	(20,653)
Change in fair value of interest rate swaps	(3,371)	107
Amortization of net premium on bond issue	(645)	(646)
(Increase) decrease in interest in net assets of affiliated foundation	(148)	486
Pension-related changes other than net periodic pension cost	(78,615)	26,562
Depreciation and amortization	39,356	34,960
Loss (gain) on disposal of assets	408	(299)
Changes in operating assets and liabilities		
Net patient accounts receivable	19	2,518
Other current assets	(1,221)	646
Other assets	1,224	1,580
Accrued pension cost	8,182	6,514
Accounts payable, accrued expenses, and other current liabilities	(6,547)	(4,502)
Net cash provided by operating activities	27,696	60,245
Cash flows from investing activities		
Capital expenditures	(42,201)	(37,097)
Sales of investments	701,799	365,985
Purchases of investments	(717,289)	(377,926)
Decrease in assets limited as to use, net	10,960	29,618
Advances to affiliates	(13,103)	(19,016)
Proceeds from sale of assets	210	373
Net cash used in investing activities	(59,624)	(38,063)
Cash flows from financing activities		
Repayment of long-term debt	(6,343)	(6,140)
Payment on other long-term liability	(1,653)	(6,487)
Net cash used in financing activities	(7,996)	(12,627)
Net (decrease) increase in cash and cash equivalents	(39,924)	9,555
Cash and cash equivalents, beginning of year	90,958	81,403
Cash and cash equivalents, end of year	$ 51,034	90,958

See accompanying notes to financial statements

(1) Summary of Significant Accounting Policies

North Mississippi Medical Center, Inc (the Medical Center) is a not-for-profit, nonstock, membership corporation of which North Mississippi Health Services, Inc (NMHS) is the sole member and has sole voting control The Medical Center is licensed for 650 acute-care beds and 107 nursing home beds and provides a broad array of healthcare services to the residents of north and north-central Mississippi and surrounding areas, including portions of the bordering states of Tennessee and Alabama The Medical Center's main campus is located in Tupelo, Mississippi

The significant accounting policies used by the Medical Center in preparing and presenting its financial statements follow

(a) Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities Actual results could differ from those estimates

Significant items subject to such estimates and assumptions include the determination of the allowances for uncollectible accounts and contractual adjustments, liabilities for workers' compensation claims, estimated third-party payor settlements, and the actuarially-determined accrued pension cost related to the NMHS pension plan In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near-term

(b) Cash Equivalents

The Medical Center considers investments in highly liquid debt instruments with an original maturity of three months or less to be cash equivalents

(c) Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets All investment income (including realized and unrealized gains and losses, interest, and dividends) is included in the determination of revenues, gains, and other support in excess of expenses and losses, unless temporarily or permanently restricted by the donor The Medical Center considers all of its investments to be trading securities

Investment income from assets that are held by trustees is reported as other revenue Investment income or loss from unrestricted or Board-designated investments is reported as nonoperating gains or losses

(d) Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or replacement market

(e) Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under indenture agreements Trusteed amounts required to meet current liabilities are reclassified as other current assets

(f) Costs of Borrowing

Bond issuance costs and bond premiums and discounts are being amortized over the terms of the related bond issues using the effective interest method

The Medical Center capitalizes interest costs on qualified construction expenditures, net of income earned on related trusteed assets, as a component of the cost of related projects

(g) Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from revenues, gains, and other support in excess of expenses and losses unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service Contributions restricted to the purchase of property and equipment for which restrictions are met within the same year as received are reported as increases in unrestricted net assets in the accompanying financial statements

(h) Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the use and eventual disposal of the asset, excluding interest If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated The assets and liabilities of a disposal group classified as held-for-sale are presented separately in the asset and liability sections of the balance sheets

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining lives of its long-lived assets If estimates are revised, the carrying value of affected assets is depreciated or amortized over remaining lives

(i) Derivative Instruments and Hedging Activities

The Medical Center follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815 for Derivatives and Hedging, which requires that all derivative instruments be recorded on the balance sheets at their respective fair values

All of the Medical Center's interest rate swaps are carried in the Medical Center's balance sheets at fair value, with related changes in fair value included in nonoperating gains or losses in the statements of operations The Medical Center does not apply hedge accounting with respect to any of its derivatives

(j) Statements of Operations

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of healthcare services are reported as revenues and expenses Peripheral or incidental transactions are reported as nonoperating gains and losses

(k) Revenues, Gains, and Other Support in Excess of Expenses and Losses

The statements of operations include revenues, gains, and other support in excess of expenses and losses Changes in unrestricted net assets which are excluded from revenues, gains, and other support in excess of expenses and losses, consistent with industry practice and relevant accounting literature, include pension-related changes other than net periodic pension cost, periodic capital transfers between the Medical Center and other NMHS affiliates, net assets released from restrictions and used for purchase of property and equipment, and adjustments which may from time-to-time be required to apply new accounting standards

(l) Net Patient Service Revenue and Patient Accounts Receivable

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments (if necessary) due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

The Medical Center also provides a standard discount from gross charges for uninsured patients Such discounts are included in the provision for contractual and other adjustments

For uninsured patients who do not qualify for charity care, the Medical Center recognizes revenue based on established rates, subject to certain discounts as determined by the Medical Center An estimated provision for uncollectible accounts is recorded that results in net patient service revenue being reported at the net amount expected to be received The Medical Center has determined, based on an assessment at the entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for uncollectible accounts related to patient revenue is recorded as a deduction from patient service revenue in the accompanying statements of operations

Patient receivables are reduced by an allowance for uncollectible accounts The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, major payor sources and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category The results of this review are then used to make modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables After satisfaction of amounts due from insurance, the Medical Center follows established guidelines for placing certain past-due patient balances with Tupelo Service Finance, Inc (TSF) and other collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Medical Center

(m) Charity Care

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

(n) Electronic Health Record Incentive Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified electronic health records (EHR) technology CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS The Medicare EHR incentive program provides annual incentive payments to eligible professionals, eligible hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, upgrade and meaningfully use certified EHR technology The Medical Center utilizes a contingency accounting model to recognize EHR incentive revenues The Medical Center records EHR incentive revenue when the Medical Center has actually complied with the meaningful use criteria for a full reporting period and all uncertainties and contingencies are resolved The EHR reporting period for eligible professionals and hospitals is based on the federal fiscal year, which coincides with the Medical Center's fiscal year of October 1 through September 30 In 2013, the Medical Center recorded EHR incentive revenues of approximately $4,600,000, comprised of approximately $3,800,000 of Medicare revenues and approximately $800,000 of Medicaid revenues EHR incentive revenues are included in other revenues in the accompanying 2013 statements of operations No EHR incentive revenues from Medicare or Medicaid were recorded during fiscal 2012

The Medical Center recorded a related Medicare EHR receivable, of approximately $250,000 as of September 30, 2013 Such amount is netted against the Medical Center's other Medicare payor settlements and is included in due to third-party payors No EHR incentive receivables were recorded as of September 30, 2012

(o) Income Taxes

The Medical Center qualifies as tax-exempt under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), and its income is generally not subject to Federal or state income taxes

The Medical Center applies FASB ASC Topic 740 for Income Taxes (Topic 740), which clarifies the accounting for uncertainty in income tax positions, and provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined There has been no impact on the Medical Center's financial statements as a result of Topic 740

(p) Functional Expense Classification

All expenses in the accompanying statements of operations were incurred for or related to the provision of healthcare services by the Medical Center

(q) Transfers of Capital

The Medical Center and NMHS direct and approve capital conversions and contributions for NMHS affiliates based upon various factors, including the nature of the original advance, affiliate repayment ability, and anticipated future support of the affiliate The Medical Center and NMHS management actively monitor amounts due from affiliates and periodically present recommendations to their respective Boards of Directors for conversion of loans and advances to capital In the period approved by the Boards, such conversions are accounted for as transfers of capital

(r) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity The Medical Center had no permanently restricted net assets at either September 30, 2013 or 2012

(s) Pension Accounting Standard

The Medical Center follows the recognition and disclosure provisions of FASB ASC Subtopic 715-20 for Defined Benefit Plans (Subtopic 715-20) Subtopic 715-20 requires (among other things) that a plan sponsor recognize the unfunded status of its defined benefit pension plan on its balance sheets As described further in note 16, the Medical Center participates in a defined benefit pension plan sponsored by NMHS

(t) Fair Value Measurements

The Medical Center applies FASB ASC Topic 820 for Fair Value Measurement (Topic 820), which establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs* (ASU 2011-04) The new standard does not extend the use of fair value, but rather, provides

(Continued)

guidance about how fair value should be applied where it is already required or permitted under International Financial Reporting Standards (IFRS) or U S GAAP For U S GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS The Hospital adopted the provisions of the ASU in fiscal 2013 Since ASU 2011-04 only affects fair value measurement disclosures, the adoption of the ASU did not have an effect on the accompanying financial statements

(u) New Accounting Pronouncement

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* This ASU changed the Medical Center's presentation of the provision for uncollectible accounts in the statements of operations from an operating expense to a deduction from net patient service revenue It also expanded disclosures regarding policies for recognizing revenue, assessing contrarevenue line items, and activity in the allowance for uncollectible accounts The Medical Center adopted the provisions of this standard on October 1, 2012, and retroactively applied the provisions to all periods presented

(2) Investments and Assets Limited As To Use

The composition of investments follows (in thousands)

		2013	2012
Obligations of the U S government and its agencies	$	132,402	129,803
Corporate debt securities		121,631	103,788
Corporate equity securities		6,805	9,055
Mutual funds		153,938	146,847
Real estate investment trust		140	—
Interest in Mississippi Hospital Association pooled investments		1,121	1,127
	$	416,037	390,620

(Continued)

The composition of assets limited as to use follows (in thousands)

	2013	2012
Under indenture agreements – held by trustee		
Obligations of the U S government and its agencies	$ 15,849	27,357
Accrued interest receivable	80	152
	15,929	27,509
Less amounts classified as other current assets	1,998	111
	13,931	27,398
By Board for capital improvements		
Cash and cash equivalents	5,033	9,046
Obligations of the U S government and its agencies	16,897	15,350
Corporate debt securities	15,521	12,272
Corporate equity securities	869	1,071
Mutual funds	19,645	17,363
Real estate investment trust	18	—
Interest in Mississippi Hospital Association pooled investments	143	133
Accrued interest receivable	42	62
	58,168	55,297
Total assets limited as to use	$ 72,099	82,695

The Mississippi Hospital Association pooled investments are an investment program administered by the Mississippi Hospital Association that principally invests in corporate and U S government agency obligations and money market funds

The composition of net investment income follows (in thousands)

	2013	2012
Interest and dividend income	$ 7,051	6,529
Unrealized and realized investment gains, net	12,178	20,653
Net investment income	19,229	27,182
Less investment income included in other revenue	24	78
Investment income classified as nonoperating gains, net	$ 19,205	27,104

(3) Trusteed Funds

The trusteed funds were established in accordance with the requirements of the indentures related to the various Mississippi Hospital Equipment and Facilities Authority revenue bond issues discussed in note 10

(Continued)

The composition of trusteed funds follows (in thousands)

	2013	2012
Bond principal and interest funds	$ 5	11
Acquisition fund	15,844	27,346
Accrued interest receivable	80	152
	15,929	27,509
Less amounts classified as other current assets	1,998	111
	$ 13,931	27,398

Amounts classified as current assets will be used to relieve obligations classified as current liabilities at September 30 The acquisition fund was established with proceeds from the August 2010 issuance of the 2010 Series 1 revenue bonds (note 10) and is being used to pay certain costs of construction and renovation projects at the Medical Center, as discussed in note 8

(4) Patient Accounts Receivable

The composition of net patient accounts receivable follows (in thousands)

	2013	2012
North Mississippi Medical Center, Inc	$ 119,694	118,751
Tupelo Service Finance, Inc (TSF) – note 14	68,518	64,311
	188,212	183,062
Less allowance for uncollectible accounts	88,073	82,904
	$ 100,139	100,158

For patient receivables associated with self-pay patients, including patients with deductibles and copayment balances for which third-party coverage provides for a portion of the services provided, the Medical Center records an estimated provision for uncollectible accounts in the year of service The allowance for uncollectible accounts increased from approximately $82,904,000 at September 30, 2012 to $88,073,000 at September 30, 2013 Changes from year to year are principally caused by a number of factors, including but not limited to, timing of write-offs from year to year, changes in unemployment in the Medical Center's service area, changes in employer-sponsored insurance plans, rising patient responsibility balances The Medical Center's allowance for uncollectible accounts as a percentage of the associated accounts receivable approximated 60% for both September 30, 2012 and 2013 The Medical Center does not maintain a material allowance for uncollectible accounts from third-party payors

(5) Business and Credit Concentrations

The Medical Center grants credit to patients, substantially all of whom reside in the Medical Center's service area as described in note 1 The Medical Center generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled

to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies)

The mix of receivables from patients and third-party payors, exclusive of transfers to TSF, follows

	2013	2012
Medicare	25%	24%
Self-pay	23	26
Commercial insurance	22	24
Other third-party payors	14	9
Blue Cross	7	8
Medicaid	6	5
Health Link (note 14)	3	4
	100%	100%

(6) Other Current Assets

The composition of other current assets follows (in thousands)

	2013	2012
Assets limited as to use – required for current liabilities	$ 1,998	111
Other receivables	1,487	1,748
Due from third-party payors	1,188	—
Inventories	12,790	12,693
Prepaid expenses	1,941	1,744
	$ 19,404	16,296

(7) Other Assets

The composition of other assets follows (in thousands)

	2013	2012
Unamortized bond issuance costs	$ 1,447	1,572
Due from affiliates (note 14)	24,740	11,637
Interest in net assets of affiliated foundation	2,137	1,989
Prepaid software maintenance and training costs, net (note 19)	10,490	12,238
Other	2,577	2,053
	$ 41,391	29,489

(Continued)

(8) Property and Equipment

A summary of property and equipment follows (in thousands)

	2013	2012
Land and improvements	$ 21,862	19,367
Buildings and improvements	272,304	245,069
Fixed equipment	106,058	90,421
Movable equipment	295,181	362,140
Construction in progress	13,620	54,560
	709,025	771,557
Less accumulated depreciation	450,952	515,836
	$ 258,073	255,721

Construction in progress at September 30, 2013 is principally comprised of costs incurred for renovations of the main hospital facility, with the most significant portions of the renovation and construction projects planned for completion through the year ending September 30, 2015 The estimated total remaining cost to complete renovation and construction projects in progress at September 30, 2013 is approximately $43,000,000 The Medical Center expects to fund a portion of the projects with trusteed funds (note 3), with the remaining to be funded through operations and unrestricted net assets

(9) Accrued Expenses and Other Current Liabilities

The composition of accrued expenses and other current liabilities follows (in thousands)

	2013	2012
Accrued payroll costs	$ 12,209	19,175
Accrued compensated absences	11,521	11,343
Accrued workers' compensation costs	1,809	1,757
Due to third-party payors	5,614	4,518
Accrued interest	2,877	2,915
Current portion of other long-term liability (see note 19)	1,739	1,653
Other	1,129	1,849
	$ 36,898	43,210

(Continued)

(10) Long-term Debt

A summary of long-term debt follows (in thousands)

		2013	2012
Mississippi Hospital Equipment and Facilities Authority Revenue Bonds			
2010 Series 1	$	71,630	71,630
2003 Series 1		16,605	21,810
2003 Series 2		29,175	29,175
2001 Series 1		31,068	31,068
1997 Series 1		17,545	18,683
		166,023	172,366
Add unamortized net premium on 2010 Series 1 bonds		2,372	3,017
		168,395	175,383
Less current installments		94,393	100,736
	$	74,002	74,647

The Medical Center, along with certain NMHS affiliates (the Obligated Group, as defined), periodically issues tax-exempt revenue bonds under the terms of a related master indenture Only the Medical Center's shares of related indebtedness, accrued interest, bond issuance costs, and trusteed funds are included in the accompanying financial statements NMHS directs the allocation of such amounts to its affiliates in a fashion consistent with the use of the proceeds from allocated revenue bond issuances

In July 2003, the Obligated Group issued the 2003 Series revenue bonds for $98,400,000 A portion of the 2003 Series revenue bonds was used to refund the outstanding bonds from the 1993 bond series The bond indenture between the Obligated Group and Mississippi Hospital Equipment and Facilities Authority has been released and the Obligated Group no longer has any obligations associated with the refunded issue

In April 2008, the Obligated Group converted, as permitted under the original indenture agreement, the 2003 Series revenue bonds through a mandatory tender option from auction rate securities to variable rate demand obligations Since the market liquidity of the 2003 Series revenue bonds is supported solely by the Obligated Group, the bonds are classified as current liabilities in the accompanying balance sheets

In December 2008, the outstanding portions of the 1997 Series 1 and 2001 Series 1 revenue bonds of $26,795,000 and $40,000,000, respectively, were remarketed by the Obligated Group due to the expiration of the original Liquidity Facility on December 29, 2008 The revenue bonds as currently structured are not supported by an external liquidity facility or a financial institution credit facility, but are secured solely by the Obligated Group through notes issued between the Obligated Group and The Bank of New York Mellon Trust Company, N A , trustee for the bondholders The notes are the joint and several obligations of the Obligated Group and are secured by the pledge of the net revenues of each Obligated Group member, subject to permitted liens The notes are equal to the principal amounts of the 1997 Series 1 and 2001 Series 1 revenue bonds and have terms and conditions requiring payments thereon sufficient to pay

the contractual maturities of the bonds when due Since the market liquidity of the 1997 Series 1 and 2001 Series 1 revenue bonds is supported solely by the Obligated Group, the bonds are classified as current liabilities in the accompanying balance sheets

In August 2010, the Medical Center issued the 2010 Series 1 revenue bonds for $71,630,000 (interest fixed at coupon rates ranging from 4 75% to 5 00%) with an original issue net premium of $4,388,658 Proceeds from the bonds are being used for certain renovations of the main hospital facility (note 8) and for the payment of costs incurred in connection with the issuance of the bonds

Certain trusteed assets as described in note 3 and the future net revenues of the Obligated Group are pledged as security for payment of the various revenue bonds Additionally, the Obligated Group is required to comply with certain financial and nonfinancial covenants customary of such obligations

Except for the 2010 Series 1 fixed rate bonds, all currently outstanding revenue bonds bear interest at variable rates and are supported by remarketing agreements and the Obligated Group's institutional commitment to provide market liquidity Interest rates are periodically adjusted based upon prevailing rates for the contract period related to the remarketed tranche In the event a market for variable rate instruments is not sustained, the Obligated Group would be required, if necessary, to provide sustaining liquidity to honor the "put" feature of the then-existing bondholders The maximum annual interest rate which the 2003, 2001 and 1997 bonds may bear is 13% The average annual interest rate paid on the 2003, 2001 and 1997 revenue bonds approximated 1 3% and 1 4% for the years ended September 30, 2013 and 2012, respectively

Interest is periodically due on the variable rate revenue bonds at the end of related contract periods, while interest on the fixed rate bonds is due semi-annually

The Medical Center paid interest on long-term debt of approximately $3,726,000 in 2013 and $3,760,000 in 2012, which included capitalized interest of $756,000 and $1,528,000 in 2013 and 2012, respectively

Principal is due in varying amounts each May 15 until the year 2033 Future maturities of the Medical Center's long-term debt, assuming the demand bonds are not called during the next 12 months, by year and in the aggregate, follow (in thousands)

2014	$ 6,545
2015	6,771
2016	6,978
2017	3,028
2018	40,648
Thereafter	102,053
	$ 166,023

(11) Derivative Financial Instruments

The Obligated Group has executed interest rate swap agreements for the purpose of synthetically converting certain variable rate debt obligations to fixed rate instruments Accordingly, notional swap amounts are tied to related revenue bond principal balances As further described in note 10, NMHS directs

the allocation of such amounts to applicable affiliates A summary of information related to the Medical Center's allocated swap positions at September 30, 2013 and 2012 follows

2013						
Related bond issuance	Notional amount (in thousands)	Maturity date	Rate paid	Average rate received	Net settlement amount (in thousands)	Swap fair value liability (in thousands)
2003 Series 1	$ 16,605	5 15 2016	2 725%	0 1152%	$ (517)	(811)
2003 Series 2	23,875	5 15 2033	3 437	0 1395	(787)	(3,844)
Total fair value of derivative instruments						$ (4,655)

2012						
Related bond issuance	Notional amount (in thousands)	Maturity date	Rate paid	Average rate received	Net settlement amount (in thousands)	Swap fair value liability (in thousands)
2003 Series 1	$ 21,810	5 15 2016	2 725%	0 1314%	$ (647)	(1,353)
2003 Series 2	23,875	5 15 2033	3 437	0 1695	(779)	(6,673)
Total fair value of derivative instruments						$ (8,026)

(12) Net Patient Service Revenue

The Medical Center has agreements with governmental and other third-party payors that provide for reimbursement to the Medical Center at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Medical Center's billings at established rates for services and amounts reimbursed by third-party payors A summary of the basis of reimbursement with major third-party payors follows

- Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors Certain types of exempt services and other defined payments related to Medicare program beneficiaries are paid based upon cost reimbursement or other retroactive-determination methodologies The Medical Center is paid for retroactively determined items at a tentative rate, with final settlement determined after submission of annual cost reports by the Medical Center and audits by the Medicare fiscal intermediary The Medical Center's cost reports have been audited and substantially settled for all fiscal years through September 30, 2009
- Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are generally paid based upon prospective reimbursement methodologies established by the State of Mississippi

  The Medical Center participates in the State of Mississippi's Medicare Upper Payment Limit (UPL) program for providers participating in the state Medicaid program Amounts received by the Medical Center in excess of amounts paid into the UPL program were approximately $14,213,000 and $15,442,000 for the years ended September 30, 2013 and 2012, respectively, and have been

recognized as reductions in related contractual adjustments in the accompanying statements of operations There can be no assurance that the Medical Center will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified

- Blue Cross and Blue Shield of Mississippi (Blue Cross) – All acute care services rendered to Blue Cross program beneficiaries are reimbursed at prospectively determined rates

The Medical Center has also entered into other reimbursement arrangements providing for payment methodologies which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates

The composition of net patient service revenue follows (in thousands)

		2013	2012
Gross patient service revenue	$	1,431,794	1,374,640
Less provision for contractual and other adjustments		853,418	768,826
Net patient service revenue	$	578,376	605,814

The composition of net patient service revenue before the provision for uncollectible accounts by major payor source follows (in thousands)

		2013	Percentage		2012	Percentage
Medicare	$	226,124	39%	$	237,012	39%
Medicaid		65,854	11		75,284	12
Blue Cross		83,969	15		98,949	16
Managed care and commercial		138,113	24		120,318	21
Health Link		19,537	3		35,144	6
Self-pay		44,779	8		39,107	6
	$	578,376	100%	$	605,814	100%

Changes in estimates related to prior cost reporting periods resulted in a decrease of approximately $1,959,000 and an increase of approximately $1,225,000 in net patient service revenue for the years ended September 30, 2013 and 2012, respectively

During fiscal 2012, the Medical Center received a settlement totaling approximately $6,371,000 related to the appeal of the calculation of the rural floor budget neutrality adjustment for the Medicare program's inpatient prospective payment system This settlement, in addition to the change in estimate noted above, resulted in an overall increase in net patient service revenue for the year ended September 30, 2012 of approximately $7,596,000

In the spring of 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Acts) were signed into law by President Obama The

impact of the Health Care Acts is complicated and difficult to predict, but the Medical Center anticipates its reimbursement in the future will be affected by major elements of the Health Care Acts designed to (1) increase insurance coverage, (2) change provider and payor behavior, and (3) encourage alternative delivery models Many healthcare reform variables remain unknown and are, among other things, dependent on implementation by federal and state governments and reactions by providers, payors, employers, and individuals The Medical Center continues to monitor developments in healthcare reform and participates actively in contemplating and designing new programs that are encouraged and/or required by the Health Care Acts

(13) Service to the Community

The mission of the Medical Center is to continuously improve the health of its service population In carrying out its mission and in being an active, caring member of the community, the Medical Center serves the community in a variety of ways

One of the primary ways the Medical Center serves the community is by providing care to various populations for which it receives little or no compensation, or for which it receives compensation at rates significantly less than established rates This is a critical matter of community service which is further described below

Based on gross charges, for the year ended September 30, 2013, approximately 8% of the Medical Center's total services and 27% of total emergency room services were provided to patients with no insurance For the year ended September 30, 2012, approximately 9% of the Medical Center's total services and 28% of total emergency room services were provided to patients with no insurance Historically, the Medical Center collects only a small percentage of amounts otherwise due from uninsured patients, a significant portion of these uncollectible accounts ultimately meet the charity requirements described below and the remaining uncollectible accounts result in write-offs to bad debt

The Medical Center follows the community benefit reporting guidance provided in *A Guide for Planning and Reporting Community Benefit* published by the Catholic Health Association of the United States in 2006 and, therefore does not formally consider bad debt a part of the community benefit it provides Nevertheless, bad debt is an important component of the Medical Center's overall uncompensated care burden

The Board of Directors of the Medical Center has established a policy under which the Medical Center provides care, without charge, to needy members of its community The charity care policy states that the Medical Center will provide necessary hospital services free of charge to patients at threshold household income levels, which are based on the federal poverty guidelines as adjusted for the median income for Mississippi compared to the median income nationally The Mississippi adjusted poverty guideline is approximately 74% of the federal poverty rate The policy further provides that patients with household income levels above the Mississippi adjusted poverty guideline will be liable for no more than the amount that their household income exceeds the applicable federal poverty guidelines The policy applies to individuals who reside in the Medical Center's 24-county service area, as defined by the policy Patients from outside the service area may also be granted charity care based on the judgment of Medical Center management and depending on individual circumstances The policy also requires patients to cooperate fully with the Medical Center's requests for information to verify patient eligibility

Following that policy, the Medical Center maintains records to identify and monitor the level of charity care it provides The net cost of charity care provided by the Medical Center was approximately $22,915,000 and $31,966,000 in 2013 and 2012, respectively The total cost estimate is based on the ratio of operating costs, less the provision for uncollectible accounts, to charges

In addition to community services directly associated with providing clinical care, the Medical Center seeks to strengthen community relationships through developing and maintaining a proactive involvement and outreach program aimed at creating an inclusive and lasting relationship with the community Examples of the Medical Center's community involvement include the following

School Nurses – The Medical Center employs registered nurses and certified health educators and provides their services to schools in its service area at no cost to the school systems These nurses and educators provide basic healthcare and instructional services to the students in the schools they serve The cost of providing these services was approximately $1,246,000 and $1,257,000 for the years ended September 30, 2013 and 2012, respectively

Athletic Trainers – The Medical Center employs certified athletic trainers who provide services to high schools in its service area at no cost The trainers work with the sports teams at these schools on a daily basis during practice and training, as well as at in-season competitions The cost of providing these services was approximately $621,000 and $600,000 for the years ended September 30, 2013 and 2012, respectively

Community Health Outreach Activities – The Medical Center has a commitment to a wide variety of community health outreach activities, which are coordinated by the Community Health department and are staffed by employees of that department as well as by Medical Center employees who volunteer their time to help with these events and activities The Community Health department assists in educating the community on health-related issues by organizing and presenting various health fairs and seminars These events are held at local businesses, schools, and community organizations and address such issues as cancer care, heart health, bone and joint care, sinus and allergy issues, newborn and child care, and other health-related topics In addition, the Community Health department sponsors cholesterol, blood pressure, vision, memory, and heart-risk screening events, through which tests are made available to the public for a nominal fee or at no charge with the majority of the costs incurred absorbed by the Medical Center The cost associated with the outreach activities provided by the Community Health department was approximately $337,000 and $314,000 for the years ended September 30, 2013 and 2012, respectively

Although the Medical Center has estimated the cost of each of these efforts to serve north Mississippi and the surrounding area, management and the Board of Directors believe that such costs represent only one facet of the many ways the Medical Center serves the community The above examples relate only to certain measurable benefits that the Medical Center provides to its service area This presentation is not intended to measure all such community benefits, many of which are intangible in nature or otherwise not quantifiable

(14) Related Party Transactions

Consistent with its mission as a multidimensional healthcare system, NMHS controls a number of related affiliates, including TSF and Acclaim, Inc (Acclaim)

Certain routine management, financial, and accounting services are provided for the Medical Center by NMHS Additionally, Acclaim is the third-party administrator for the NMHS system-wide employee health plan The cost of these services, totaling approximately $22,184,000 and $25,716,000 for the years ended September 30, 2013 and 2012, respectively, is included in expenses in the accompanying statements of operations

The Medical Center participates in certain NMHS managed care network (Health Link) offerings and derives a portion of its net revenues from the provision of discounted services to members covered under related preferred provider contracts Such net revenues approximated $19,537,000 and $35,144,000 for the years ended September 30, 2013 and 2012, respectively

Patient accounts receivable are periodically sold with recourse to TSF, which operates as a third-party collection agency for the NMHS system and charges referring affiliates a fee of 15% of collected amounts TSF has the right to unilaterally return accounts which have not been collected within six months from the date of sale, but often holds accounts for longer periods of time The estimated net realizable value of accounts held at TSF is included in net patient accounts receivable in the accompanying balance sheets, generally based on an extended rolling average of TSF collections experience with the Medical Center's sold accounts

Amounts due from affiliates consist of interest and non-interest-bearing demand notes receivable, interest-bearing notes receivable with extended repayment terms and other cash advances, all of which are typically lent or advanced at the direction of NMHS to other controlled subsidiaries, primarily to finance construction and equipment purchases and to provide working capital financing Some amounts due to the Medical Center from affiliates will be converted to capital of the affiliates by NMHS in future periods and such amounts may be material Such conversions are based on various factors, including the nature of the original advances, the affiliates' repayment ability and anticipated future support of the affiliates Managements of NMHS and the Medical Center actively monitor amounts due from affiliates and periodically present recommendations to the respective Boards of Directors for conversions of loans and advances to capital In the period approved by the Boards, such conversions are accounted for as transfers of capital from the Medical Center to the applicable NMHS subsidiary Transfers of capital from the Medical Center to affiliates of NMHS were approximately $19,869,000 in 2012 There were no capital transfers in 2013 However, capital transfers that occurred subsequent to September 30, 2013 totaled approximately $12,800,000

(15) Leases

Rental expense for all operating leases was approximately $1,539,000 and $1,375,000 in 2013 and 2012, respectively There were no significant noncancelable operating leases at September 30, 2013

(16) Employee Benefit Plans

The Medical Center participates in a defined benefit pension plan sponsored by NMHS The plan is a contributory pension plan covering all permanent employees who make application to become participants, have attained the age of 21 and completed one year of service as defined in the plan Participants are required to contribute 1% of their annual compensation The Medical Center contributes an amount equal to the difference between employees' contributions and the amount required to fund the plan as determined by consulting actuaries

The pension accounting in the Medical Center's balance sheets results from the Medical Center's allocable portion of total net periodic pension cost and other pension accounting items (as applicable) for the plan as a whole Such allocation is generally based on the ratio of the Medical Center's payroll to overall plan participant payroll Detail information regarding the plan's funded status, including projected and accumulated plan benefits, is not available for the Medical Center's portion of the plan Net periodic pension cost allocated to the Medical Center was approximately $15,630,000 and $12,622,000 for the years ended September 30, 2013 and 2012, respectively, and is included in employee benefits in the accompanying statements of operations

The Medical Center also participates in a contributory savings plan sponsored by NMHS This plan covers most employees aged 21 and older who have completed one year of service as defined in the plan Eligible employees may contribute up to 20% of compensation in any one year, subject to a regulatory limit The Medical Center makes matching contributions equal to 50% of the employees' contributions, not to exceed 2% of total compensation The Medical Center contributed approximately $2,671,000 and $2,894,000 to this plan during the years ended September 30, 2013 and 2012, respectively

(17) Insurance Programs

The Medical Center participates in NMHS's self-insurance program with respect to general and professional liability risks NMHS has substantial claims-made basis excess insurance coverage in place for such risks The insurance program is made up of a combination of self-insurance retention and claims-made excess insurance coverage As of and for the year ended September 30, 2013, the self-insurance retention was $4 million per claim for professional liability and $1 million per occurrence for general liability, subject to a combined $10 million aggregate Effective October 1, 2013, NMHS's excess insurance coverage was renewed at the same levels of retention

NMHS's employed physicians are covered by a first-dollar claims-made physician liability policy with a $1 million per professional incident limit and a $3 million aggregate limit

Incurred losses identified under the Medical Center's incident reporting system and incurred but not reported losses are accrued in the NMHS consolidated financial statements based on estimates that incorporate the Medical Center's past experience, as well as other considerations such as the nature of each claim or incident, relevant trend factors, and advice from consulting actuaries Because the terms of the Medical Center's participation in the NMHS general and professional liability program provide for first-dollar claims-made coverage at the affiliate level, reserves and related insurance receivables related to general and professional liability exposures are held at the NMHS consolidated level and not allocated to individual affiliates

NMHS has established a self-insurance trust fund for payment of liability claims and makes deposits to the fund in amounts determined by consulting actuaries As also noted above, liability accruals and related trust funding associated with the NMHS liability insurance program are recognized in the NMHS consolidated financial statements NMHS also has substantial excess liability coverage available under the provisions of certain claims-made policies, currently expiring on October 1, 2014 To the extent that any claims-made coverage is not renewed or replaced with equivalent insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured Management believes, based on incidents identified through the Medical Center's incident reporting system, that any such claims would not have a material effect on the Medical Center's results of operations or financial position In any

event, management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires

The Medical Center recognized its share of program expense (based on the above programs and actual experience), net of related investment earnings (losses), totaling approximately $175,000 and $1,335,000 for the years ended September 30, 2013 and 2012, respectively, which is included as a component of administrative and general expenses in the accompanying statements of operations

The Medical Center also participates in NMHS's self-insurance program with respect to employee health coverage (up to a lifetime limit of $1,000,000 per employee) and workers' compensation (up to a limit of $1,000,000 per individual claim, $300,000 prior to October 1, 2012) Substantial excess insurance coverage is maintained for potential excess losses under the workers' compensation program

(18) Temporarily Restricted Net Assets

Temporarily restricted net assets (currently held at Health Care Foundation of North Mississippi, an affiliated foundation) are available for the following purposes at September 30, 2013 and 2012 (in thousands)

	2013	2012
Patient assistance	$ 752	696
Purchase of equipment and other property	214	213
Education	335	309
General support restricted due to time	836	771
	$ 2,137	1,989

(19) Information Technology Contract

The Medical Center has entered into a ten-year software and services agreement with a major information technology vendor The agreement generally commits the Medical Center to the purchase of a variety of information technology products and services from this vendor for a defined payment stream over the term of the contract Certain software license and support fees and related implicit maintenance costs (totaling approximately $37,670,000) were capitalized during fiscal 2010 with recognition of an associated liability related to the Medical Center's acquisition of these intangible assets Capitalized software license fees and support fees of approximately $8,827,000 were included in construction in progress at September 30, 2012 Such costs were amortized as the software was placed into service Software costs placed in service and transferred to affiliate hospitals of NMHS during 2012 were $10,806,000 All remaining software costs were placed into service during 2013 Implied maintenance costs of approximately $17,483,000 are being amortized over the estimated useful life of the implicit maintenance period of ten years Such costs are included in other assets in the accompanying balance sheets (note 7) Other contract costs are evaluated for capitalization or expense recognition under relevant accounting literature as associated products and/or services are provided

The following table summarizes the future payment commitments by year under the contract as of September 30, 2013 (in thousands)

	Capitalized software and implicit maintenance costs obligation
2014	$ 2,311
2015	2,311
2016	2,311
2017	2,311
2018	2,311
2019	2,311
Total	13,866
Less amounts representing interest at 5%	1,984
Total obligation	11,882
Less current portion (included in accrued expenses and other current liabilities – note 9)	1,739
Long-term obligation (included as other long-term liability in the accompanying 2013 balance sheet)	$ 10,143

Interest paid under the agreement in fiscal 2013 and 2012 was approximately $867,000 and $502,000, respectively

(20) Current Economic Environment

The combined NMHS and Medical Center management group monitors economic conditions closely, both with respect to potential impacts on the healthcare provider industry and from a more general business perspective While the Medical Center was able to achieve certain objectives of importance in the current economic environment, management recognizes that economic conditions may continue to impact the Medical Center in a number of ways, including (but not limited to) uncertainties associated with U S financial system reform and rising self-pay patient volumes and corresponding increases in uncompensated care

(Continued)

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of federal healthcare reform legislation, which was passed in the spring of 2010 and upheld by the Supreme Court in June 2012 Potential impacts of ongoing healthcare industry transformation include, but are not limited to

- Significant (and potentially unprecedented) capital investment in healthcare information technology (HCIT),
- Continuing volatility in the state and federal government reimbursement programs,
- Lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, changes in combined state/federal disproportionate share payments, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system,
- Effective management of multiple major regulatory mandates, including achievement of meaningful use of HCIT and the transition to ICD-10, and
- Significant potential business model changes throughout the healthcare ecosystem, including within the healthcare commercial payor industry

The business of healthcare in the current economic, legislative and regulatory environment is volatile Any of the above factors, along with others both currently in existence and/or which may arise in the future, could have a material adverse impact on the Medical Center's financial position and operating results

(21) Fair Value of Financial Instruments

In accordance with Topic 820, the Medical Center has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), inputs other than quoted prices that are observable, either directly or indirectly (Level 2), and the lowest priority to unobservable inputs (Level 3) If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument

(a) Investments and Assets Limited As To Use

When available, the Medical Center generally uses quoted market prices to determine fair value, and classifies such items as Level 1 The Medical Center's Level 2 securities are bonds whose fair values are determined by independent vendors, or non-traded funds whose underlying securities would otherwise be considered Level 1 The vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued

At September 30, 2013 and 2012, none of the Medical Center's investments and assets limited as to use were categorized as Level 3 in the fair value hierarchy

The fair value hierarchy of investments at September 30, 2013 and 2012 follows (in thousands)

	2013		
	Level 1	Level 2	Total
Obligations of the U S government and its agencies	$ —	132,402	132,402
Corporate debt securities			
Corporate bonds			
Financials	—	46,670	46,670
Industrials	—	35,990	35,990
Utilities	—	5,389	5,389
Other	—	6,735	6,735
Foreign bonds and notes	—	26,409	26,409
Convertible bonds	—	438	438
Corporate equity securities			
Consumer discretionary	1,626	—	1,626
Consumer staples	371	—	371
Energy	502	—	502
Financial services	988	—	988
Foreign equities	177	—	177
Health care	609	—	609
Industrials	977	—	977
Information technology	211	—	211
Materials and processing	1,042	—	1,042
Telecommunication services	302	—	302
Mutual funds			
Large cap equity securities	28,688	—	28,688
Small and mid cap equity securities	10,469	—	10,469
Core value equity securities	19,632	—	19,632
International equity securities	20,685	—	20,685
Debt securities	74,464	—	74,464
Real estate investment trust	140	—	140
Interest in Mississippi Hospital Association pooled investments	—	1,121	1,121
	$ 160,883	255,154	416,037

(Continued)

	2012		
	Level 1	Level 2	Total
Obligations of the U S government and its agencies	$ —	129,803	129,803
Corporate debt securities			
Corporate bonds			
Financials	—	40,456	40,456
Industrials	—	36,986	36,986
Utilities	—	7,519	7,519
Other	—	9,275	9,275
Foreign bonds and notes	—	8,772	8,772
Convertible bonds	—	780	780
Corporate equity securities			
Consumer discretionary	2,227	—	2,227
Consumer staples	410	—	410
Energy	948	—	948
Financial services	1,044	—	1,044
Foreign equities	146	—	146
Health care	918	—	918
Industrials	1,533	—	1,533
Information technology	442	—	442
Materials and processing	1,176	—	1,176
Telecommunication services	211	—	211
Mutual funds			
Large cap equity securities	27,555	—	27,555
Small and mid cap equity securities	8,324	—	8,324
Core value equity securities	16,299	—	16,299
International equity securities	18,927	—	18,927
Debt securities	75,742	—	75,742
Interest in Mississippi Hospital Association pooled investments	—	1,127	1,127
	$ 155,902	234,718	390,620

(Continued)

The fair value hierarchy of assets limited as to use at September 30, 2013 and 2012 follows (in thousands)

	2013		
	Level 1	Level 2	Total
Under indenture agreements – held by trustee			
Obligations of the U S government and its agencies	$ —	15,849	15,849
Accrued interest receivable	80	—	80
	$ 80	15,849	15,929
By Board for capital improvements			
Cash and cash equivalents	$ 5,033	—	5,033
Obligations of the U S government and its agencies	—	16,897	16,897
Corporate debt securities			
Corporate bonds			
Financials	—	5,954	5,954
Industrials	—	4,593	4,593
Utilities	—	688	688
Other	—	860	860
Foreign bonds and notes	—	3,370	3,370
Convertible bonds	—	56	56
Corporate equity securities			
Consumer discretionary	207	—	207
Consumer staples	47	—	47
Energy	64	—	64
Financial services	126	—	126
Foreign equities	23	—	23
Health care	78	—	78
Industrials	125	—	125
Information technology	27	—	27
Materials and processing	133	—	133
Telecommunication services	39	—	39
Mutual funds			
Large cap equity securities	3,661	—	3,661
Small and mid cap equity securities	1,336	—	1,336
Core value equity securities	2,505	—	2,505
International equity securities	2,640	—	2,640
Debt securities	9,503	—	9,503
Real estate investment trust	18	—	18
Interest in Mississippi Hospital Association pooled investments	—	143	143
Accrued interest receivable	42	—	42
	$ 25,607	32,561	58,168

(Continued)

	2012		
	Level 1	Level 2	Total
Under indenture agreements – held by trustee			
Obligations of the U S government and its agencies	$ —	27,357	27,357
Accrued interest receivable	152	—	152
	$ 152	27,357	27,509
By Board for capital improvements			
Cash and cash equivalents	$ 9,046	—	9,046
Obligations of the U S government and its agencies	—	15,350	15,350
Corporate debt securities			
Corporate bonds			
Financials	—	4,785	4,785
Industrials	—	4,372	4,372
Utilities	—	889	889
Other	—	1,097	1,097
Foreign bonds and notes	—	1,037	1,037
Convertible bonds	—	92	92
Corporate equity securities			
Consumer discretionary	264	—	264
Consumer staples	48	—	48
Energy	112	—	112
Financial services	123	—	123
Foreign equities	17	—	17
Health care	109	—	109
Industrials	182	—	182
Information technology	52	—	52
Materials and processing	139	—	139
Telecommunication services	25	—	25
Mutual funds			
Large cap equity securities	3,258	—	3,258
Small and mid cap equity securities	985	—	985
Core value equity securities	1,927	—	1,927
International equity securities	2,238	—	2,238
Debt securities	8,955	—	8,955
Interest in Mississippi Hospital Association pooled investments	—	133	133
Accrued interest receivable	62	—	62
	$ 27,542	27,755	55,297

There were no significant transfers into or out of Level 1 and Level 2 investments during fiscal 2013 and 2012

(Continued)

(b) Other Financial Instruments

The carrying amounts of all applicable asset and liability financial instruments reported in the balance sheets (except amounts due from affiliates and the 2010 Series I revenue bonds) approximate their estimated fair values, in all significant respects, at September 30, 2013 and 2012. Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

(1) Due from Affiliates

It is not practicable to estimate the fair value of amounts due from affiliates because there is no established market for these receivables, and it would be cost prohibitive to otherwise value them. Additionally, these amounts are subject to capital conversion as discussed in note 14.

(2) Long-term Debt

The fair value of the 2010 Series I fixed rate revenue bonds has been estimated using discounted cash flow analyses, based on the Obligated Group's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of these bonds at September 30, 2013 and 2012 was approximately $77,018,000 and $80,679,000, respectively.

The Medical Center's allocated portion of the Obligated Group's remaining long-term debt consists of publicly traded bonds. These bonds are not considered to be traded in all active markets, as transactions generally do not take place with sufficient frequency and volumes to provide pricing information on an ongoing basis. Because this portion of the Medical Center's long-term debt consists variable interest rate debt instruments, the carrying values approximate fair value in all material respects.

No adjustment for fair value instruments is reflected or required in the accompanying balance sheets for any of the Medical Center's long-term debt. The Medical Center has categorized all of its long-term debt as Level 2 within the fair value hierarchy.

(3) Interest Rate Swaps

Obligated Group's interest rate swaps are executed over the counter and are valued using the net present value of cash flow streams, adjusted for risk associated with credit default, as no quoted market prices exist for such instruments. NMHS also employs an independent third party to perform mark-to-market valuation assessments on the swaps to assess the valuations otherwise received by NMHS. The Medical Center has categorized its interest rate swap positions as Level 2 in the fair value hierarchy.

(22) Subsequent Events

The Medical Center has evaluated subsequent events from the balance sheet date through January 17, 2014, the date the financial statements were issued, and determined there are no additional subsequent events to be recognized in the financial statements and related notes, except as previously disclosed in note 14 related to transfers of capital.