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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 private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

NOVANT HEALTH INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

2085 FRONTIS PLAZA BLVD

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

WINSTON SALEM, NC 27103

F Name and address of principal officer

CARL ARMATO

2085 FRONTIS PLAZA BLVD

WINSTON SALEM, NC 27103

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates 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.NOVANTHEALTH.ORG

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

1997

M State of legal domicile

NC

Part I Summary																																											
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>SEE SCHEDULE O</div></div>																																										
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																																										
Revenue	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>14</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>10</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>4,300</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>220</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>23,701,392</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>792,895</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	14	4	Number of independent voting members of the governing body (Part VI, line 1b)	10	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	4,300	6	Total number of volunteers (estimate if necessary)	220	7a	Total unrelated business revenue from Part VIII, column (C), line 12	23,701,392	7b	Net unrelated business taxable income from Form 990-T, line 34	792,895																								
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Part II Signature Block

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

Sign Here

\*\*\*\*\*

Signature of officer

2014-11-14

Date

FRED HARGETT EVP & CFO

Type or print name and title

Paid Preparer Use Only

Prnt/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN

Firm's address

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐

☒

1

Briefly describe the organization's mission

NOVANT HEALTH EXISTS TO IMPROVE THE HEALTH OF COMMUNITIES, ONE PERSON AT A TIME SEE SCHEDULE O

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 \$ 83,048,021 including grants of \$ ) (Revenue \$ 117,904,614 )

PRESBYTERIAN ORTHOPAEDIC HOSPITAL, LLC (POH) DBA NOVANT HEALTH CHARLOTTE ORTHOPEDIC HOSPITAL, IS A SINGLE MEMBER LLC IN WHICH NOVANT HEALTH IS THE SOLE MEMBER POH EXISTS TO PROMOTE THE HEALTH OF THE INHABITANTS OF THE CHARLOTTE-MECKLENBURG COUNTY AREA OF NC, REGARDLESS OF THE PATIENT'S ABILITY TO PAY DURING 2013, POH HAD 80 LICENSED BEDS THERE WERE 14,207 PATIENT DAYS, WITH AN AVERAGE LENGTH OF STAY OF 4 DAYS, AND AN AVERAGE DAILY CENSUS OF 39 THERE WERE 3,703 DISCHARGES, 7,243 INPATIENT AND OUTPATIENT SURGERIES, AND 11,032 OUTPATIENT ENCOUNTERS

4b

(Code ) (Expenses \$ 71,292,291 including grants of \$ ) (Revenue \$ 76,624,861 )

BRUNSWICK COMMUNITY HOSPITAL, LLC (BCH) DBA NOVANT HEALTH BRUNSWICK MEDICAL CENTER, IS A SINGLE MEMBER LLC IN WHICH NOVANT IS THE SOLE MEMBER BCH EXISTS TO PROMOTE THE HEALTH OF THE INHABITANTS OF THE BRUNSWICK COUNTY AREA OF NC, REGARDLESS OF THE PATIENT'S ABILITY TO PAY DURING 2013, BCH HAD 74 LICENSED BEDS THERE WERE 15,114 PATIENT DAYS, WITH AN AVERAGE LENGTH OF STAY OF 4 DAYS, AND AN AVERAGE DAILY CENSUS OF 41 THERE WERE 4,252 DISCHARGES, 60,387 INPATIENT AND OUTPATIENT ENCOUNTERS, AND 29,191 EMERGENCY DEPARTMENT VISITS

4c

(Code ) (Expenses \$ 18,335,638 including grants of \$ ) (Revenue \$ 21,143,693 )

THE HOLDING COMPANY FOR NOVANT'S AMBULATORY SERVICES WAS TRANSFERRED TO NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC, A SINGLE MEMBER LLC IN WHICH NOVANT HEALTH IS THE SOLE MEMBER THE AMBULATORY CENTERS' OPERATIONS SERVE THE COMMUNITY BY PROVIDING ACCESS TO MUCH NEEDED HEALTHCARE SERVICES, REGARDLESS OF THE PATIENT'S ABILITY TO PAY DURING 2013, THERE WERE 49,501 OUTPATIENT ENCOUNTERS

(Code ) (Expenses \$ 302,507,814 including grants of \$ 465,658 ) (Revenue \$ 360,932,829 )

4d

Other program services (Describe in Schedule O )
























(Expenses \$ 302,507,814 including grants of \$ 465,658 ) (Revenue \$ 360,932,829 )

4e

Total program service expenses

475,183,764

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	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 Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a Yes	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV 	14b Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	2,585	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	4,300	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	
b	If "Yes," enter the name of the foreign country: BD, EI See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	CA , GA , NC , VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input checked="" type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization KAREN DAUGHERTY 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 (336) 718-2803	

Check if Schedule O contains a response or note to any line in this Part VII ☒

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

[illegible]



## Part VII

<b>1b</b>	<b>Sub-Total</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A</b>			
<b>d</b>	<b>Total (add lines 1b and 1c)</b>	45,679,023	734,198	3,225,281

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<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .

## Section B. Independent Contractors

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
DELOITTE CONSULTING LLP PO BOX 7247-6447 PHILADELPHIA PA 19170	CONSULTING	25,387,356
LEIDOS HEALTH PO BOX 223866 PITTSBURGH PA 15251	CONSULTING	10,559,266
MCKINSEY & COMPANY PO BOX 7247-7255 PHILADELPHIA PA 19170	CONSULTING	7,766,250
BLANCO TACKABERY & MATAMOROS 110 SOUTH STRATFORD RD WINSTON SALEM NC 27104	LEGAL SERVICES	6,961,507
MISSION CRITICAL TECHNOLOGIES PO BOX 56346 ATLANTA GA 30343	IT CONSULTING	5,566,900

\$100,000 of compensation from the organization ▶195

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . . 1a				
	b	Membership dues . . . . . 1b				
	c	Fundraising events . . . . . 1c				
	d	Related organizations . . . . . 1d	231,566			
	e	Government grants (contributions) 1e	2,460,000			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .	2,691,566			
Program Service Revenue	2a	CORPORATE ALLOCATION	561110	341,477,800	341,477,800	
	b	NET PATIENT REVENUE	622110	209,850,041	209,850,041	
	c	AFFILIATED RENTAL	531120	16,990,731	16,990,731	
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .	568,318,572			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	39,164,827		12,712,705	26,452,122
	4	Income from investment of tax-exempt bond proceeds . . . . .	74,433	74,433		
	5	Royalties . . . . .				
	6a	Gross rents	(i) Real 5,079,852	(ii) Personal		
	b	Less rental expenses	0			
	c	Rental income or (loss)	5,079,852			
	d	Net rental income or (loss) . . . . .	5,079,852			5,079,852
	7a	Gross amount from sales of assets other than inventory	(i) Securities 686,321,231	(ii) Other 14,814,293		
	b	Less cost or other basis and sales expenses	664,782,058	13,297,305		
	c	Gain or (loss)	21,539,173	1,516,988		
	d	Net gain or (loss) . . . . .	23,056,161			23,056,161
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a 9,247			
	b	Less direct expenses . . . . . b	0			
	c	Net income or (loss) from fundraising events . . . . .	9,247			9,247
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a			
	b	Less direct expenses . . . . . b				
	c	Net income or (loss) from gaming activities . . . . .				
	10a	Gross sales of inventory, less returns and allowances . . . . .	a 80,882			
	b	Less cost of goods sold . . . . . b	61,311			
	c	Net income or (loss) from sales of inventory . . . . .	19,571			19,571
		Miscellaneous Revenue	Business Code			
	11a	ADMINISTRATION (MISC)	561110	16,464,347	5,475,660	10,988,687
	b	SICK CLINIC	621111	2,737,332	2,737,332	
	c					
	d	All other revenue . . . . .				
	e	Total. Add lines 11a-11d . . . . .	19,201,679			
	12	Total revenue. See Instructions . . . . .	657,615,908	576,605,997	23,701,392	54,616,953

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 or note to any line 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.	461,158	461,158		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	4,500	4,500		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	44,645,422		44,645,422	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	1,519,264		1,519,264	
7	Other salaries and wages.	188,540,373	153,358,739	35,181,634	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	21,206,303	17,249,207	3,957,096	
9	Other employee benefits.	21,909,558	17,821,234	4,088,324	
10	Payroll taxes.	16,358,947	13,306,367	3,052,580	
11	Fees for services (non-employees):				
a	Management.	2,069,378		2,069,378	
b	Legal.	937,591		937,591	
c	Accounting.	1,425,000		1,425,000	
d	Lobbying.	331,044		331,044	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	3,868,373		3,868,373	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	63,117,775	51,339,999	11,777,776	
12	Advertising and promotion.	16,099,335	13,095,199	3,004,136	
13	Office expenses.	11,108,517	9,035,668	2,072,849	
14	Information technology.	19,802,431	16,107,297	3,695,134	
15	Royalties.				
16	Occupancy.	39,043,322	31,757,838	7,285,484	
17	Travel.	4,169,331	3,391,334	777,997	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	25,927,328	21,089,289	4,838,039	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	58,480,314	47,567,887	10,912,427	
23	Insurance.	1,679,426	1,366,045	313,381	
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	ACCRUED UBIT	-745,850	-745,850		
b	MEDICAL SUPPLIES	38,514,945	38,514,945		
c	REPAIRS & MAINTENANCE	11,788,370	9,588,660	2,199,710	
d	BAD DEBT	8,269,663	6,726,544	1,543,119	
e	All other expenses	27,153,896	24,147,704	3,006,192	
25	<b>Total functional expenses.</b> Add lines 1 through 24e.	627,685,714	475,183,764	152,501,950	0
26	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		125,274,266	1	139,487,243
	2	Savings and temporary cash investments		363,931,003	2	314,538,532
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		58,162,040	4	50,136,237
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,287,309	7	137,986,303
	8	Inventories for sale or use		14,809,503	8	16,139,581
	9	Prepaid expenses and deferred charges		25,181,717	9	29,646,624
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a1,542,024,016			
	b	Less accumulated depreciation	10b826,213,754	657,564,480	10c	715,810,262
	11	Investments—publicly traded securities		802,077,895	11	1,173,997,011
	12	Investments—other securities See Part IV, line 11		285,332,202	12	372,197,770
	13	Investments—program-related See Part IV, line 11		39,477,159	13	43,612,982
	14	Intangible assets		26,391,764	14	30,162,466
	15	Other assets See Part IV, line 11			15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)		2,400,489,338	16	3,023,715,011
Liabilities	17	Accounts payable and accrued expenses		482,108,428	17	384,026,716
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		915,852,711	20	1,480,993,959
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		547,884,351	23	443,043,151
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24) Complete Part X of Schedule D		275,573,747	25	321,913,226
	26	Total liabilities. Add lines 17 through 25		2,221,419,237	26	2,629,977,052
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		179,070,101	27	393,737,959
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		179,070,101	33	393,737,959
	34	Total liabilities and net assets/fund balances		2,400,489,338	34	3,023,715,011

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . .

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	657,615,908
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	627,685,714
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	29,930,194
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	179,070,101
5	Net unrealized gains (losses) on investments . . . . .	5	93,035,176
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	91,702,488
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	393,737,959

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . .

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

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 56-1376950  
**Name:** NOVANT HEALTH 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			
ALUKO AKINYELE TRUSTEE	2 00	X						0	437,735	151,182
ARMATO CARL CEO PRES NH (*SEE ADD'L INFO IN SCH J P3)	60 00	X		X				8,123,207	0	97,171
BAUGHAN MICHAEL CHAIR	2 00	X		X				852	0	0
BELDEN RICHARD TRUSTEE	2 00	X						733	0	0
EVANS LISA TRUSTEE	2 00	X						0	0	0
GORDON ROBERT TRUSTEE	2 00	X						0	0	0
KETNER GLENN TRUSTEE	2 00	X						0	0	0
LYLES VIOLA TRUSTEE	2 00	X						0	0	0
MURPHY DANIEL TRUSTEE	2 00	X						0	0	0
PLYLER DAVID TRUSTEE	2 00	X						0	0	0
STOLZ ROBERT VICE CHAIR	2 00	X		X				0	0	0
STONE LARRY TRUSTEE	2 00	X						0	0	0
TILLMAN KRISTA TRUSTEE	2 00	X						0	0	0
VALENTINE PEGGY SEC/TREAS	2 00	X		X				0	0	0
WOODLIEF JOHN TRUSTEE	2 00	X						0	0	0
HARGETT FRED EVP CFO NH (*SEE ADD'L INFO IN SCH J P3)	60 00			X				2,637,022	0	89,474
BEST DIANA SVP CLINICAL OPER IMPROV (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,198,625	0	114,856
BILLINGS DERRICK PRES NHSS (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,549,664	0	66,630
CURETON JESSE EVP & CHIEF CONSUMER OFFICER	60 00				X			686,959	0	169,423
DANIELS JACQUELINE EVP CAO (*SEE ADD'L INFO IN SCH J P3)	60 00				X			9,794,438	0	94,628
GARDELLA JOHN VP CLINICAL IMPROVEMENT	60 00				X			413,699	0	55,386
GARMON-BROWN OPHELIA SVP PHYSICIAN SERVICES	60 00				X			506,312	0	139,907
GARRETT DAVID SVP CHIEF INFO OFFICER	60 00				X			674,555	0	146,152
JOHNSON TONY SVP SUPPLY CHAIN (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,137,528	0	63,553
LEDERER JAMES VP CLINICAL IMPROVEMENT	60 00				X			445,831	0	100,570

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			
LINER SALLYE EVP CCO (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,344,506	0	282,470
MCGEE LAWRENCE EVP COUNSEL (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,280,041	0	180,634
MILLER MARK SVP OPERATIONAL FINANCE	60 00				X			601,988	0	142,240
MORGAN WAYNE SVP & CHIEF INVEST OFFICER	60 00				X			587,063	0	142,976
MYERS SCOTT SVP CORPORATE FINANCE	60 00				X			466,038	0	113,223
PARK DAVID SVP REAL ESTATE (*SEE ADD'L INFO IN SCH J P3)	60 00				X			1,034,460	0	86,263
PATEFIELD ARTHUR SVP & CHIEF MED INFO OFF	60 00				X			721,594	0	89,528
SEEHAUSEN ROBERT SVP BUSINESS DEV (*SEE ADD'L INFO IN SCH J P3)	60 00				X			2,832,357	0	91,414
SMITH-HILL JANET SVP HUMAN RESOURCES	60 00				X			639,706	0	135,111
VINCENT PAULA SVP FOUNDATIONS (*SEE ADD'L INFO IN SCH J P3)	60 00				X			3,269,464	0	66,706
WALLENHAUPT STEPHEN EVP CMO (*SEE ADD'L INFO IN SCH J P3)	60 00				X			2,138,450	0	92,014
BURKE MARGARET SVP BUSINESS RISK	40 00					X		375,474	0	65,608
EVERETT CATHERINE VP NOVANT MARKETING AND PR	40 00					X		329,225	0	67,590
HEALY PATRICK VP CLINICAL IMPROVEMENT	40 00					X		405,521	0	124,698
RILEY MICHAEL PRESIDENT NHCOH	40 00					X		408,538	0	64,657
WEBER DANIELLE SVP REVENUE CYCLE	40 00					X		328,311	0	37,576
WILES PAUL FMR CEO	0 00						X	329,978	0	0
WOOLLEN THOMAS FMR SVP PHYSICIAN SERVICES	0 00						X	63,755	296,463	142,861
BEIER GREGORY FMR EVP & PRES NOVANT OPS	0 00						X	1,353,129	0	10,780

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.
- ▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization NOVANT HEALTH INC	Employer identification number 56-1376950
---	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☐

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

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

☒

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

a

☐

Type I

b

☐

Type II

c

☒

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☒

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

(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	
See Additional Data Table									
Total									344,873,355



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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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	
Return Reference	Explanation
PART I, LINE 11H	NOVANT HEALTH, INC PROVIDES STRATEGIC PLANNING, ADMINISTRATIVE SUPPORT, INVESTMENT GUIDANCE AND MONETARY SUPPORT TO THE SUPPORTED ORGANIZATIONS LISTED IN PART I

Additional Data

Software ID:  
Software Version:  
EIN: 56-1376950  
Name: NOVANT HEALTH INC

Form 990, Sch A, Part I, Line 11h - 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 )	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
(A) FORSYTH MEMORIAL HOSPITAL INC	560928089	3	Yes		Yes		Yes		131026871
(A) FOUNDATION HEALTH SYSTEMS CORP	561373175	9	Yes		Yes		Yes		42276
(B) THE PRESBYTERIAN HOSPITAL	560554230	3	Yes		Yes		Yes		112871092
(C) NOVANT MEDICAL GROUP INC	581728803	3	Yes		Yes		Yes		23028668
(D) ROWAN REGIONAL MEDICAL CENTER INC	560547479	3	Yes		Yes		Yes		26472050
(E) COMMUNITY GENERAL HEALTH PARTNERS	560636250	3	Yes		Yes		Yes		12821230
(F) MEDICAL PARK HOSPITAL	561340424	3	Yes		Yes		Yes		8726825
(G) PRESBYTERIAN MEDICAL CARE CORP	561376368	3	Yes		Yes		Yes		23956036
(H) PERSONAL CARE SERVICES	541291284	9	Yes		Yes		Yes		73073
(I) PRINCE WILLIAM HOSPITAL	540696355	3	Yes		Yes		Yes		5467633
(J) NMG SERVICES INC	562098809	9	Yes		Yes		Yes		387601

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

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

1

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

2

Political expenditures

▶ \$

3

Volunteer hours

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

1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$

2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$

3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes ☐ No

4a

Was a correction made?

☐ Yes ☐ No

b

If "Yes," describe in Part IV

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

1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$

2

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

▶ \$

3

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

▶ \$

4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes ☐ No

5

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		331,044
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		36,192
j	Total. Add lines 1c through 1i.			367,236
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	LINE 1A THERE IS VERY LIMITED ENGAGEMENT OF BOARD MEMBERS IN LEGISLATIVE MATTERS. LINE 1B THERE IS ONE FULL TIME GOVERNMENT RELATIONS STAFF PERSON. THERE IS MINIMAL INVOLVEMENT FROM OTHER STAFF. LINE 1G THE STAFF PERSON REFERENCED IN 1B WORKS DIRECTLY WITH LEGISLATORS AND THEIR STAFF. IN 2013, SEVERAL EMPLOYEES PARTICIPATED IN ADVOCACY DAY AT THE NORTH CAROLINA LEGISLATURE. LINE 1I DUES PAID TO CERTAIN ORGANIZATIONS WHICH INCLUDE A PORTION RELATED TO LOBBYING ACTIVITIES.

[illegible]



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. ▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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
- c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

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

- 2

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

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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 . . . . .		93,949,073		93,949,073
b Buildings . . . . .		660,300,978	315,570,435	344,730,543
c Leasehold improvements . . . . .		36,610,478	22,165,198	14,445,280
d Equipment . . . . .		390,133,458	322,605,425	67,528,033
e Other . . . . .		361,030,029	165,872,696	195,157,333
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				715,810,262

Schedule D (Form 990) 2013



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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.

Return Reference	Explanation
PART X, LINE 2	PART X, LINE 2 LIABILITY UNDER FIN 48 (ASC 740) FOOTNOTE THE AUDIT FOR NOVANT HEALTH AND ITS AFFILIATES IS PREPARED ON A CONSOLIDATED BASIS. THE COMPANY WAS REQUIRED TO EVALUATE UNCERTAIN TAX POSITIONS. THIS EVALUATION INCLUDES A QUANTIFICATION OF TAX RISK IN AREAS SUCH AS UNRELATED BUSINESS TAXABLE INCOME AND THE TAXATION OF OUR FOR-PROFIT SUBSIDIARIES. THIS EVALUATION DID NOT HAVE A MATERIAL EFFECT ON THE COMPANY'S STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012.

[illegible]

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

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

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
( 1 ) CENTRAL AMERICA AND THE CARIBBEAN			CAPTIVE INSURER		7,855,000
( 2 ) CENTRAL AMERICA AND THE CARIBBEAN			INVESTMENTS		336,435,000
( 3 ) EUROPE			INVESTMENTS		99,426,000
( 4 ) NORTH AMERICA			INVESTMENTS		29,577,000
( 5 ) EAST ASIA			INVESTMENTS		496,000
3a Sub-total	0	0			473,789,000
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			473,789,000

**Part II**

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

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
( 1 )									
( 2 )									
( 3 )									
( 4 )									

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

Part III

Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
( 1 )							
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							



**Part IV Foreign Forms**

- 1

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

☒ Yes ☐ No
- 2

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

☐ Yes ☒ No
- 3

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

☒ Yes ☐ No
- 4

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

☒ Yes ☐ No
- 5

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

☒ Yes ☐ No
- 6

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

☐ Yes ☒ No

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 56-1376950

**Name:** NOVANT HEALTH INC

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### **Part V** Supplemental Information

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

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.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

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 <div><input type="checkbox"/> Applied uniformly to all hospital facilities <input checked="" type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities</div>		
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 <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>30000 0000000000 %</u></div> <b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . . <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %</div> <b>c</b> 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	3a Yes	
		3b	No
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 eligible 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) . . . .			7,197,572	0	7,197,572	2 610 %
b Medicaid (from Worksheet 3, column a) . . . . .			17,330,920	12,950,221	4,380,699	1 590 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			3,066,490	1,936,394	1,130,096	0 410 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			27,594,982	14,886,615	12,708,367	4 610 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			28,120	0	28,120	0 010 %
f Health professions education (from Worksheet 5) . . . .			444,166	0	444,166	0 160 %
g Subsidized health services (from Worksheet 6) . . . .			5,601,878	2,423,576	3,178,302	1 150 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			150,450	0	150,450	0 050 %
j <b>Total.</b> Other Benefits . . . .			6,224,614	2,423,576	3,801,038	1 370 %
k <b>Total.</b> Add lines 7d and 7j . .			33,819,596	17,310,191	16,509,405	5 980 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing			0	0	0	0 %
2Economic development			5,988	0	5,988	0 %
3Community support			16,750	0	16,750	0 010 %
4Environmental improvements			0	0	0	0 %
5Leadership development and training for community members			0	0	0	0 %
6Coalition building			125	0	125	0 %
7Community health improvement advocacy			0	0	0	0 %
8Workforce development			15,896	0	15,896	0 010 %
9Other			0	0	0	0 %
10Total			38,759	0	38,759	0 020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

8,269,663

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

49,743,703

6

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

6

77,002,194

7

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

7

-27,258,491

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

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

9b

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

9b

No

Part IVManagement 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 %
11 ENDOSCOPY CENTER OF LAKE NORMAN	HEALTHCARE	51 000 %	0 %	49 000 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
2

Name, address, primary website address, and state license number

												Other (Describe)	Facility reporting group
	See Additional Data Table												

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)

NOVANT HEALTH CHARLOTTE ORTHOPEDIC HOSPI

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
<b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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 . . . . .	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input type="checkbox"/> Hospital facility's website (list url) _____		
<b>b</b> <input checked="" type="checkbox"/> Other website (list url) <u>WWW.NOVANTHEALTH.ORG</u>		
<b>c</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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 . . . . .	<b>7</b>	No
<b>8a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>  </u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	No		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	No		
<b>a</b> <input type="checkbox"/> Income level					
<b>b</b> <input type="checkbox"/> Asset level					
<b>c</b> <input type="checkbox"/> Medical indigency					
<b>d</b> <input type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .		<b>15</b>	Yes		
<b>16</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					

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 individuals regarding the individuals' bills
- d

☒

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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



Part V

Facility Information (continued)

Section 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)

NOVANT HEALTH BRUNSWICK MEDICAL CENTER

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

2

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
<b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	<b>4</b>	No
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input type="checkbox"/> Hospital facility's website (list url)		
<b>b</b> <input checked="" type="checkbox"/> Other website (list url) WWW.NOVANTHEALTH.ORG		
<b>c</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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	<b>7</b>	No
<b>8a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	<b>8b</b>	
<b>c</b> 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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>  </u> % If "No," explain in Part VI the criteria the hospital facility used	11		No
12	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	12		No
a	<input type="checkbox"/> Income level			
b	<input type="checkbox"/> Asset level			
c	<input type="checkbox"/> Medical indigency			
d	<input type="checkbox"/> Insurance status			
e	<input type="checkbox"/> Uninsured discount			
f	<input type="checkbox"/> Medicaid/Medicare			
g	<input type="checkbox"/> State regulation			
h	<input type="checkbox"/> Residency			
i	<input type="checkbox"/> Other (describe in Part VI)			
13	Explained the method for applying for financial assistance? . . . . .	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices			
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f	<input checked="" type="checkbox"/> The policy was available upon request			
g	<input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	15	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 individual's eligibility under the facility's FAP			
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			
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 individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	17		No
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- d

☒

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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



Part V

Facility Information (continued)

Section D. 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? 5

Name and address	Type of Facility (describe)
1 NH HUNTERSVILLE OUTPATIENT SURGERY 10030 GILEAD ROAD HUNTERSVILLE,NC 28078	AMBULATORY SURGICAL CENTER
2 NH BALLANTYNE OUTPATIENT SURGERY 14215 BALLANTYNE CORP PLACE STE 210 CHARLOTTE,NC 28277	AMBULATORY SURGICAL CENTER
3 NOVANT HEALTH BREAST CENTER 1718 EAST 4TH STREET CHARLOTTE,NC 28204	IMAGING CENTER
4 NOVANT HEALTH IMAGING BALLANTYNE 14215 BALLANTYNE CORP PLACE STE 140 CHARLOTTE,NC 28277	IMAGING CENTER
5 NOVANT HEALTH IMAGING STEELE CREEK 13557 STEELECROFT PKWY CHARLOTTE,NC 28278	IMAGING CENTER
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	COSTS REPORTED IN THE TABLE FOR CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFITS AMOUNTS ARE CALCULATED USING AN ENTITY SPECIFIC COST TO CHARGE RATIO BASED ON WORKSHEET 2 (CCR)
PART I, LN 7 COL(F)	THE AMOUNT OF BAD DEBT REMOVED FROM TOTAL EXPENSES (DENOMINATOR) WAS \$8,269,663

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	THE ORGANIZATION IS A PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM NOVANT HEALTH'S COMMUNITY BUILDING ACTIVITIES IMPACTS THE HEALTH OF OUR COMMUNITY THROUGH PARTNERSHIPS WITH LOCAL AGENCIES DEDICATED TO IMPROVING THE LIVES OF ALL INDIVIDUALS OUTREACH INCLUDES PROVIDING SUPPORT FOR ORGANIZATIONS SUCH AS HABITAT FOR HUMANITY AND LOCAL CHAMBERS OF COMMERCE, ASSISTING WITH COMMUNITY/COUNTY COALITIONS, PROVIDING EDUCATIONAL SEMINARS AND TRAINING FOR COMMUNITY WORKFORCES, AND SUPPORTING COMMUNITY AGENCIES SUCH AS ROTARY, LIONS CLUBS AND MORE THROUGH EACH OF THESE PARTNER AGENCIES, NOVANT HEALTH ADDRESSES THE UNDERLYING ISSUES IMPACTING THE HEALTH OF OUR COMMUNITIES AND ENSURES THAT OUR COMMUNITIES GROW FOR YEARS TO COME
PART III, LINE 2	THE ALLOWANCE FOR BAD DEBT IS DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, THE AGE OF THE ACCOUNTS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS

Form and Line Reference	Explanation
PART III, LINE 4	BAD DEBT EXPENSE ONLY REPRESENTS ACCOUNTS FOR WHICH COLLECTION EFFORTS HAVE BEEN MADE BUT NO PAYMENTS HAVE BEEN RECEIVED DISCOUNTS ARE RECORDED AS EITHER CONTRACTUALS (FOR PATIENTS WHO DO NOT QUALIFY FOR CHARITY) OR AS CHARITY (FOR PATIENTS WHO DO QUALIFY FOR CHARITY) THE TEXT OF THE NOVANT HEALTH, INC CONSOLIDATED FINANCIAL STATEMENTS READS "THE ALLOWANCE FOR BAD DEBTS IS DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, THE AGE OF THE ACCOUNTS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS "
PART III, LINE 8	THE METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 IS DETERMINED BY FOLLOWING THE MEDICARE PRINCIPLES OF ALLOWABLE COSTS COST FOR THE OVERHEAD DEPARTMENTS ARE STEPPED DOWN TO THE REMAINING COST CENTERS BASED ON STATISTICS FOR EACH OVERHEAD COST CENTER ONCE THE STEP-DOWN PROCESS IS COMPLETE, A RATIO OF COST TO CHARGES IS DEVELOPED FOR EACH COST CENTER THE CCR IS THEN APPLIED TO THE MEDICARE REVENUE BY COST CENTER AND TOTALED IT SHOULD BE NOTED THAT THE MEDICARE COST REPORTS DO NOT ADDRESS ANY MANAGED CARE MEDICARE REVENUES, COSTS, OR RELATED SHORTFALL THE TOTAL REVENUES REPORTED AS RECEIVED FROM MEDICARE IN LINE 5 OF SECTION B ARE ONLY REPRESENTATIVE OF MEDICARE FEE FOR SERVICE PAYMENTS RECEIVED THE ALLOWABLE COSTS ON LINE 6 ARE SIGNIFICANTLY LOWER THAN THE ACTUAL EXPENDITURES AS SUCH, THE SHORTFALL IS UNDERESTIMATED EVERY HOSPITAL TREATS MEDICARE PATIENTS SOME HOSPITALS ARE LOCATED IN HIGH MEDICARE POPULATION AREAS, OTHERS PROVIDE SERVICES DISPROPORTIONATELY USED BY MEDICARE PATIENTS MEDICARE RATES AND NUMBERS OF MEDICARE PATIENTS ARE NOT NEGOTIATED AS REIMBURSEMENT RATES DECLINE RELATIVE TO COSTS OF CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION WITHOUT THIS SERVICE THESE PATIENTS WOULD BECOME AN OBLIGATION ON THE GOVERNMENT ANY UNREIMBURSED COSTS OF THIS CARE ARE A COMMUNITY BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT



Form and Line Reference	Explanation
PART III, LINE 9B	THE ORGANIZATION'S BILLING AND COLLECTIONS POLICY DOES EXPLAIN ACTIONS AGAINST PATIENTS WHO HAVE OUTSTANDING DELINQUENT AMOUNTS, BUT THE POLICY DOES NOT CONTAIN PROVISIONS FOR COLLECTION PRACTICES AGAINST PATIENTS WHO ARE ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY (FAP) BECAUSE FAP ELIGIBLE PATIENTS RECEIVE 100% FREE CARE AND THEREFORE DO NOT RECEIVE BILLS ONCE FAP ELIGIBILITY HAS BEEN ESTABLISHED
PART VI, LINE 2	PART VI, LINE 2 NEEDS ASSESSMENTTHE ORGANIZATION IS PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM, WHICH HAS A COMMUNITY BENEFIT COMMITTEE THE COMMUNITY BENEFIT COMMITTEE IS RESPONSIBLE FOR ASSISTING THE HOSPITALS WITHIN THE SYSTEM PREPARE THEIR COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNA) INCLUDING THE CHNAS REPORTED IN PART V, SECTION B THE COMMUNITY BENEFIT COMMITTEE IS MADE OF INDIVIDUALS REPRESENTING CORPORATE-WIDE DEPARTMENTS, SUCH AS COMMUNITY RELATIONS, LEGAL, TAX, INTERNAL AUDIT, MARKETING/COMMUNICATIONS, AS WELL AS INDIVIDUALS FROM VARIOUS DEPARTMENTS OF HOSPITAL OPERATIONS AND THE SYSTEM'S HOSPITAL FOUNDATIONS EACH HOSPITAL, WITH THE ASSISTANCE OF THE COMMUNITY BENEFIT COMMITTEE, IDENTIFIES ORGANIZATIONS AND RESOURCES WITHIN ITS COMMUNITY THAT CONTRIBUTE TO THE PROCESS THESE ORGANIZATIONS AND RESOURCES INCLUDE LOCAL HEALTH DEPARTMENTS, UNITED WAY, UNIVERSITIES, PUBLIC HEALTH DEPARTMENTS, ETC COMMUNITY HEALTH ASSESSMENTS PREPARED BY OTHER ORGANIZATIONS IN THE COMMUNITY ARE USED IN COMBINATION WITH INTERNAL HOSPITAL DATA AND INFORMATION COLLECTED FROM LOCAL AGENCIES TO PREPARE THE HOSPITAL'S CHNA IN ADDITION TO ADDRESSING NEEDS IDENTIFIED THROUGH THE CHNA, EACH HOSPITAL MAY RESPOND TO REQUESTS FOR SPECIFIC COMMUNITY BENEFIT ACTIVITIES OR PROGRAMS FROM PUBLIC AGENCIES OR COMMUNITY GROUPS

Form and Line Reference	Explanation
PART VI, LINE 3	<p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCETHE ORGANIZATION IS PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM AS A NOT-FOR-PROFIT ORGANIZATION, NOVANT HEALTH IS COMMITTED TO PROVIDING OUTSTANDING HEALTHCARE TO ALL MEMBERS OF OUR COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY OUR ACUTE CARE FACILITIES PROVIDE CARE IN 35 COUNTIES ACROSS FOUR STATES ADDITIONALLY, OUR PHYSICIANS AND ACUTE CARE FACILITIES OFFER CARE TO NATIONAL AND INTERNATIONAL MISSION PATIENTS OUR FINANCIAL COUNSELING TEAMS ARE CONSTANTLY WORKING WITH THE PATIENTS WITHIN OUR COMMUNITIES TO UNDERSTAND THEIR NEEDS AND ENSURE THAT OUR POLICIES AND PROCESSES ADDRESS THESE NEEDS WE ALSO MAINTAIN CONTRACTS WITH MEDICAID ELIGIBILITY VENDORS AND LOCAL DEPARTMENT OF SOCIAL SERVICES TEAMS TO HAVE EMBEDDED CASE WORKERS WITHIN OUR FACILITIES THESE TEAMS OFFER ADDITIONAL SUPPORT IN PROCESSING AND ASSESSING HOW WE SERVE THE FINANCIAL NEEDS OF OUR PATIENTS BASED ON THE ASSESSMENTS OF OUR COMMUNITIES, NOVANT HEALTH HAS DEVELOPED FINANCIAL ASSISTANCE POLICIES AND PROGRAMS THAT ADDRESS THE FINANCIAL NEEDS OF OUR PATIENTS WE PRIDE OURSELVES IN THE TRANSPARENCY OF OUR PROGRAMS AND THE EDUCATION WE OFFER OUR PATIENTS AROUND OUR FINANCIAL ASSISTANCE POLICIES OUR PROGRAMS ARE DOCUMENTED ON OUR WEBSITE, ALONG WITH CONTACT INFORMATION FOR OUR FINANCIAL COUNSELORS ADDITIONALLY, OUR PROGRAMS ARE DOCUMENTED ON PATIENT FLYERS THROUGHOUT THE NOVANT HEALTH AFFILIATED FACILITIES AND PHYSICIAN OFFICES OUR PATIENT ACCESS SPECIALISTS, FINANCIAL COUNSELORS AND BUSINESS OFFICE TEAMS WORK WITH ALL ELIGIBLE PATIENTS TO EDUCATE THEM ON THE VARIOUS OPTIONS AVAILABLE VIA OUR FINANCIAL ASSISTANCE PROGRAMS OR GOVERNMENT SPONSORED CARE THEY ALSO REFERENCE OUR FINANCIAL ASSISTANCE POLICY IN ALL CONVERSATIONS RELATED TO PATIENTS BILLS FINALLY, WE WORK WITH LOCAL AREA FREE HEALTH CLINICS AND OTHER CHARITABLE ORGANIZATIONS TO PROVIDE CONTINUATION OF CARE FOR THEIR PATIENTS IN ADDITION TO OUR FINANCIAL COUNSELING PROCESSES USED TO IDENTIFY CHARITY CARE PATIENTS, OUR COLLECTIONS PROCESSES WITHIN OUR BUSINESS OFFICES ALSO HELP IDENTIFY PATIENTS WHO ARE ALREADY ELIGIBLE FOR CHARITY OR WHO MAY BE ELIGIBLE BASED ON THEIR STATUS WITHIN THE FEDERAL POVERTY GUIDELINES ("FPG") WE UTILIZE PREVIOUSLY SUBMITTED PATIENT DOCUMENTATION AND CREDIT AGENCY REPORTED FPG FOR DETERMINATION SUPPORTING DOCUMENTS ARE VALID 6 MONTHS FROM THE DATE OF SUBMISSION OUR POLICIES ARE CONSIDERED FLUID AND ARE UPDATED FREQUENTLY BASED ON LOCAL AND NATIONAL MARKET STANDARDS AND NATIONAL ECONOMIC CONDITIONS ANY UPDATES TO OUR POLICIES REQUIRE MULTI-LEVEL LEADERSHIP APPROVAL AND ARE ULTIMATELY APPROVED BY THE NOVANT HEALTH EXECUTIVE TEAM</p>
PART VI, LINE 4	<p>PART VI, LINE 4 COMMUNITY INFORMATIONTHE NOVANT HEALTH, INC FORM 990 INCLUDES THE OPERATIONS OF TWO HOSPITALS BRUNSWICK COMMUNITY HOSPITAL, LLC DBA NOVANT HEALTH BRUNSWICK MEDICAL CENTER THE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA, WHICH IS BRUNSWICK COUNTY, NORTH CAROLINA THIS IS A RURAL AREA THERE ARE TWO ACUTE CARE HOSPITALS IN THE COMMUNITY, ONE OF WHICH IS THE ORGANIZATION THE OTHER HOSPITAL IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL ACCORDING TO SG2 DATA, THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS WHITE NON-HISPANIC (92,640) 80 70%, BLACK NON-HISPANIC (13,009) 11 33%, HISPANIC (6,076) 5 29%, ASIAN AND PACIFIC ISLAND (770) 0 67%, OTHERS (2,295) 2 00, FOR A TOTAL POPULATION OF 114,790 ACCORDING TO SG2 DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS \$40,310 ACCORDING TO SG2 DATA, THE AGE BREAKDOWN IS AS FOLLOWS 0-17 YEARS (21,048) 18 34%, 18-64 YEARS (66,327) 57 78%, 65+ YEARS (27,415) 23 88% PRESBYTERIAN ORTHOPAEDIC HOSPITAL, LLC DBA NOVANT HEALTH CHARLOTTE ORTHOPEDIC HOSPITALTHE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA, WHICH IS MECKLENBURG COUNTY, NORTH CAROLINA THERE ARE FOUR NONPROFIT HOSPITALS IN THE COMMUNITY, ONE OF WHICH IS THE ORGANIZATION AND ALL OF WHICH ARE PART OF NOVANT HEALTH THERE ARE ALSO FOUR GOVERNMENTAL HOSPITALS, WHICH ARE ALL PART OF THE SAME HEALTHCARE SYSTEM ACCORDING TO SG2 DATA, THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS WHITE NON-HISPANIC (497,772) 49 64%, BLACK NON-HISPANIC (299,853) 29 91%, HISPANIC (129,377) 12 90%, OTHERS (27,041) 2 70%, ASIAN AND PACIFIC ISLAND (48,656) 4 85%, FOR A TOTAL POPULATION OF 1,002,649 ACCORDING TO SG2 DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS \$54,954 ACCORDING TO SG2 DATA, THE AGE BREAKDOWN IS AS FOLLOWS 0-17 YEARS (252,636) 25 20%, 18-64 YEARS (650,176) 64 85%, 65+ YEARS (99,837) 9 96%</p>

Form and Line Reference	Explanation
PART VI, LINE 5	<p>PART VI, LINE 5 THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSES BY DOING THE FOLLOWING 1 ADOPTING A CHARITY CARE POLICY, WHICH PROVIDES FREE CARE TO INDIVIDUALS WHOSE INCOME IS AT OR BELOW 300% OF THE FEDERAL POVERTY LEVEL,2 REMAINING CERTIFIED BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES TO PROVIDES SERVICES TO ALL BENEFICIARIES OF MEDICARE, MEDICAID, AND OTHER GOVERNMENT PAYMENT PROGRAMS, AND PROVIDING SERVICES IN A NONDISCRIMINATORY MANNER TO SUCH BENEFICIARIES,3 OPERATING A FULL-TIME EMERGENCY ROOM WHICH IS OPEN TO AND ACCEPTS ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY,4 MAINTAINING AN OPEN MEDICAL STAFF, SUBJECT TO EXCLUSIVE CONTRACTS FOR HOSPITAL-BASED SERVICES SUCH AS ANESTHESIOLOGY, RADIOLOGY, PATHOLOGY, HOSPITALIST, AND EMERGENCY DEPARTMENT SERVICES, TO THE EXTENT AN EXCLUSIVE CONTRACT FOR THOSE SERVICES IS REQUIRED TO OBTAIN PROPER STAFFING COVERAGE OR TO PERMIT A MORE EFFICIENT DELIVERY OF THOSE SERVICES WITHIN THE HOSPITAL FACILITY,5 MAINTAINING A GOVERNING BOARD CONSISTING PRIMARILY OF A BROAD CROSS-SECTION OF LEADERS IN THE COMMUNITY,6 ADOPTING AND APPLYING A CONFLICT OF INTEREST POLICY, WHICH APPLIES TO THE GOVERNING BOARD AND ORGANIZATION OFFICERS,7 PROVIDING HEALTH EDUCATION LECTURES AND WORKSHOPS,8 PROVIDING HEALTH FAIRS, EDUCATION ON SPECIFIC DISEASES OR CONDITIONS, AND HEALTH PROMOTION AND WELLNESS PROGRAMS TO THE COMMUNITIES IT SERVES,9 PROVIDING SUPPORT GROUPS AND SELF HELP PROGRAMS TO THE COMMUNITIES IT SERVES,10 PROVIDING COMMUNITY-BASED CLINICAL SERVICES, INCLUDING WITHOUT LIMITATION, HEALTH SCREENINGS AND CLINICS FOR UNINSURED OR UNDERINSURED PERSONS TO THE COMMUNITIES IT SERVES,11 PROVIDING HEALTHCARE SUPPORT SERVICES, INCLUDING WITHOUT LIMITATION, INFORMATION AND REFERRAL TO COMMUNITY SERVICES, CASE MANAGEMENT OF UNDERINSURED AND UNINSURED PERSONS, TELEPHONE INFORMATION SERVICES AND ASSISTANCE TO ENROLL IN PUBLIC PROGRAMS, SUCH AS STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP) AND MEDICAID TO THE COMMUNITIES IT SERVES,12 PROVIDING SUBSIDIZED HEALTH SERVICES AND CLINICAL PROGRAMS TO THE COMMUNITIES IT SERVES,13 PROVIDING CASH AND IN-KIND CONTRIBUTIONS TO NONPROFIT COMMUNITY HEALTHCARE ORGANIZATIONS IN THE COMMUNITIES IT SERVES, AND14 GENERALLY PROMOTING THE HEALTH, WELLNESS, AND WELFARE OF THE COMMUNITIES IT SERVES BY PROVIDING QUALITY HEALTHCARE SERVICES AT REASONABLE COST FOR SPECIFIC EXAMPLES OF THIS ORGANIZATION'S COMMUNITY BENEFIT ACTIVITIES, WHICH FURTHER THE ORGANIZATION'S EXEMPT PURPOSES (AND THOSE OF ALL HOSPITALS AND HEALTHCARE FACILITIES IN THE SAME HEALTHCARE SYSTEM), PLEASE SEE THE NOVANT HEALTH COMMUNITY BENEFIT REPORT, LOCATED AT <a href="http://www.novanthealth.org/home/about-us/company-information/financial-profile/community-benefit-report.aspx">HTTP //WWW NOVANTHEALTH ORG/HOME/ABOUT-US/COMPANY- INFORMATION/FINANCIAL -PROFILE/COMMUNITY-BENEFIT-REPORT ASPX</a> PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES</p>
PART VI, LINE 6	<p>PART VI, LINE 6 AFFILIATED HEALTH CARE SYSTEMTHE ORGANIZATION IS AN INTEGRAL PART OF NOVANT HEALTH, A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICE PROVIDERS NOVANT HEALTH IS RANKED AS ONE OF OUR NATION'S TOP 25 INTEGRATED HEALTHCARE SYSTEMS - CARING FOR PATIENTS AND COMMUNITIES IN GEORGIA, NORTH CAROLINA, SOUTH CAROLINA, AND VIRGINIA EACH HOSPITAL PROVIDES SUBSTANTIAL COMMUNITY BENEFIT TO THE COMMUNITY IT SERVES, AS REPORTED INDIVIDUALLY ON EACH HOSPITAL'S FORM 990, SCHEDULE H THE COMMUNITY BENEFIT OF THE SYSTEM AS A WHOLE IS DOCUMENTED IN A SYSTEM-WIDE COMMUNITY BENEFIT REPORT, LOCATED AT <a href="http://www.novanthealth.org/home/about-us/company-information/financial-profile/community-benefit-report.aspx">HTTP //WWW NOVANTHEALTH ORG/HOME/ABOUT-US/COMPANY- INFORMATION/FINANCIAL - PROFILE/COMMUNITY-BENEFIT-REPORT ASPX</a> PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES THERE ARE SIGNIFICANT COMMUNITY BENEFIT ACTIVITIES WITHIN NOVANT HEALTH WHICH MAY NOT BE REPORTABLE ON A SCHEDULE H BECAUSE THEY ARE NOT CONDUCTED BY AN ENTITY WHICH OWNS OR OPERATES A HOSPITAL IN ADDITION TO HOSPITALS, NOVANT HEALTH INCLUDES A PHYSICIAN ORGANIZATION WITH PRACTICES IN GEORGIA, NORTH CAROLINA, SOUTH CAROLINA, AND VIRGINIA AND FIVE HOSPITAL FOUNDATIONS WHICH SUPPORT AND ENHANCE THE ACTIVITIES IN THOSE HOSPITALS' COMMUNITIES FURTHER, NOVANT HEALTH INCLUDES AMBULATORY SURGERY CENTERS, IMAGING CENTERS, REHABILITATION CENTERS, AND OTHER OUTPATIENT FACILITIES, ALL DEDICATED TO PROMOTING THE HEALTH OF THEIR RESPECTIVE COMMUNITIES</p>

Form and Line Reference	Explanation
PART VI, LINE 7 STATE FILING OF COMMUNITY BENEFIT REPORT	NOVANT HEALTH, INC FILES A SYSTEM-WIDE COMMUNITY BENEFIT REPORT PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES WITH THE NORTH CAROLINA MEDICAL CARE COMMISSION AS PART OF THE DOCUMENTATION REQUIRED FOR THE ISSUANCE OF TAX EXEMPT BOND FINANCING



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Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
NOVANT HEALTH INC

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

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

DLN: 93493318027634

OMB No 1545-0047

2013

Open to Public  
Inspection

Employer identification number  
56-1376950

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) WINSTON SALEM FOUNDATION 860 W 5TH STREET WINSTON SALEM, NC 27101	56-6037615	501(C)(3)	170,000				COMMUNITY OUTREACH
(2) CHARLOTTE CENTER CITY PARTNERS 200 S TRYON STREET SUITE 1600 CHARLOTTE, NC 28202	56-1247787	501(C)(4)	106,500				COMMUNITY OUTREACH
(3) 100 BLACK MEN OF CHARLOTTE 740 W 5TH ST CHARLOTTE, NC 28202	56-1795371	501(C)(3)	11,500				COMMUNITY OUTREACH
(4) YMCA OF GREATER CHARLOTTE 500 E MOREHEAD STREET CHARLOTTE, NC 28202	56-1045299	501(C)(3)	12,500				COMMUNITY OUTREACH
(5) FOUNDATION OF THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE INC 9201 UNIVERSITY CITY BLVD CHARLOTTE, NC 28031	56-6059417	501(C)(3)	19,200				COMMUNITY OUTREACH
(6) ROWAN REGIONAL MEDICAL CENTER FOUNDATION 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	56-1424818	501(C)(3)	105,000				COMMUNITY OUTREACH
(7) BRUNSWICK COMMUNITY COLLEGE FOUNDATION INC PO BOX 30 SUPPLY, NC 28462	58-1493463	501(C)(3)	5,750				COMMUNITY OUTREACH
(8) NORTH CAROLINA CHAMBER 701 CORPORATE CENTER STE 400 RALEIGH, NC 27607	56-0340499	501(C)(6)	7,500				COMMUNITY OUTREACH
(9) MECKLENBURG CITIZENS FOR PUBLIC EDUCATION 129 W TRADE STREET STE 1555 CHARLOTTE, NC 28202	56-1752043	501(C)(3)	10,000				COMMUNITY OUTREACH

**Part III**

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

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

**Part IV**

**Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS	THE ORGANIZATION IS AN AFFILIATE IN AN INTEGRATED HEALTHCARE SYSTEM AND FOLLOWS A SYSTEM-WIDE CORPORATE POLICY WITH STANDARDIZED GUIDELINES THAT ARE TO BE USED IN REVIEWING THE ELIGIBILITY AND SELECTION OF GRANTEEES RECEIVING CERTAIN EXEMPT PURPOSE FUNDS THE ORGANIZATION MAINTAINS DOCUMENTATION OF THE ELIGIBILITY AND SELECTION CRITERIA AND RECORDS OF THE AMOUNTS ARE MAINTAINED VIA THE GENERAL LEDGER FUNDS ARE GENERALLY NOT TRACKED AFTER BEING GRANTED, AS THE ORIGINAL ELIGIBILITY AND SELECTION CRITERIA HAVE ALREADY BEEN MET

Additional Data

Software ID:  
Software Version:  
EIN: 56-1376950  
Name: NOVANT HEALTH INC

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WINSTON SALEM FOUNDATION 860 W 5TH STREET WINSTON SALEM,NC 27101	56-6037615	501(C)(3)	170,000				COMMUNITY OUTREACH



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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CHARLOTTE CENTER CITY PARTNERS 200 S TRYON STREET SUITE 1600 CHARLOTTE,NC 28202	56-1247787	501(C)(4)	106,500				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
100 BLACK MEN OF CHARLOTTE 740 W 5TH ST CHARLOTTE,NC 28202	56-1795371	501(C)(3)	11,500				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
YMCA OF GREATER CHARLOTTE 500 E MOREHEAD STREET CHARLOTTE,NC 28202	56-1045299	501(C)(3)	12,500				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FOUNDATION OF THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE INC 9201 UNIVERSITY CITY BLVD CHARLOTTE,NC 28031	56-6059417	501(C)(3)	19,200				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ROWAN REGIONAL MEDICAL CENTER FOUNDATION 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	56-1424818	501(C)(3)	105,000				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BRUNSWICK COMMUNITY COLLEGE FOUNDATION INC PO BOX 30 SUPPLY,NC 28462	58-1493463	501(C)(3)	5,750				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTH CAROLINA CHAMBER 701 CORPORATE CENTER STE 400 RALEIGH,NC 27607	56-0340499	501(C)(6)	7,500				COMMUNITY OUTREACH

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MECKLENBURG CITIZENS FOR PUBLIC EDUCATION 129 WTRADE STREET STE 1555 CHARLOTTE,NC 28202	56-1752043	501(C)(3)	10,000				COMMUNITY OUTREACH



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, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

Part I

Questions Regarding Compensation

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

**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

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

Return Reference	Explanation
PART I, LINE 1A	PART I, LINE 1A FRINGE OR EXPENSE EXPLANATION FIRST-CLASS OR CHARTER TRAVEL FIRST-CLASS OR CHARTER TRAVEL IS NOT A COVERED TRAVEL EXPENSE FOR EXECUTIVES, THEY ARE LIMITED TO BUSINESS OR COACH CLASS FARES FOR COMMERCIAL FLIGHTS HOWEVER, CHARTER TRAVEL IS AVAILABLE TO CERTAIN EXECUTIVES, BOARD MEMBERS, AND APPROVED BUSINESS PERSONNEL IN LIMITED CIRCUMSTANCES DEEMED TO INVOLVE BUSINESS NECESSITY TRAVEL FOR COMPANIONS COMPANIONS ARE ALLOWED ON CERTAIN CHARTER FLIGHTS PAID FOR BY THE ORGANIZATION IN THAT CASE, THE VALUE OF THE COMPANION'S FLIGHT IS CALCULATED UNDER APPLICABLE TAX LAWS AND THAT AMOUNT IS INCLUDED IN THE EXECUTIVE'S TAXABLE INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS TAX INDEMNIFICATION AND GROSS-UP PAYMENTS EXECUTIVES WHO PURCHASE SPLIT DOLLAR INSURANCE THROUGH THEIR DISCRETIONARY SPENDING ACCOUNT MAY HAVE THE ADDITIONAL INCOME TAX OWED ON THE PS-58 COSTS PAID BY THE ORGANIZATION EXECUTIVES WHO RECEIVE TAXABLE RELOCATION INCOME MAY HAVE THE ADDITIONAL INCOME TAX OWED ON THE INCOME PAID BY THE ORGANIZATION EXECUTIVES MAY RECEIVE AS SEVERANCE BENEFITS CASH PAYMENTS IN LIEU OF PREMIUMS PAID FOR COVERAGE OF CERTAIN BENEFITS THAT ENDED WITH THE EXECUTIVE'S TERMINATION THE ORGANIZATION MAY PAY THE ADDITIONAL TAX OWED ON ACCOUNT OF THESE PAYMENTS DISCRETIONARY SPENDING ACCOUNT CERTAIN EXECUTIVES RECEIVE A DISCRETIONARY SPENDING ACCOUNT THE DOLLAR AMOUNT IN THE ACCOUNT IS PRE-APPROVED BY THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE NOVANT HEALTH BOARD OF TRUSTEES THE ACCOUNT CAN BE USED ONLY FOR AN APPROVED LIST OF EXPENDITURES ALL OPTIONS OTHER THAN A DEFERRED, AT-RISK, COMPENSATION OPTION ARE CONSIDERED TAXABLE AND ARE INCLUDED IN THE EXECUTIVE'S TAXABLE INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE WE PROVIDE TEMPORARY HOUSING ALLOWANCES IN CERTAIN EXECUTIVE RECRUITMENT AND RELOCATION PACKAGES IN THE CASE THAT SUCH EXPENSE IS NOT REIMBURSABLE UNDER THE ACCOUNTABLE PLAN RULES, THE VALUE IS CALCULATED UNDER APPLICABLE TAX LAWS AND THAT AMOUNT IS INCLUDED IN THE EXECUTIVE'S INCOME AS PRESCRIBED BY THE APPLICABLE TAX LAWS HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES IN CASES WHERE CORPORATE MEMBERSHIPS ARE NOT AVAILABLE, A MEMBERSHIP MAY BE OBTAINED IN AN EXECUTIVE'S NAME WITH A "BUSINESS USE ONLY" RESTRICTION
PART I, LINES 4A-C	PART I, LINES 4A-C SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS SEVERANCE NONQUALIFIED EQUITY-BASED ARMATO , CARL *6,109,321 BEIER, GREGORY 680,000 124,831 BEST, DIANA LEE *585,518 BILLINGS, DERRICK *556,904 DANIELS, JACQUELINE *8,663,598 HARGETT, FRED *1,414,973 JOHNSON, TONY *576,243 LINER, SALLYE *261,107 MCGEE, LAWRENCE *437,787 PARK, DAVID *508,308 SEEHAUSEN, ROBERT *2,167,708 VINCENT, PAULA *2,653,713 WALLENHAUPT, STEPHEN *1,069,038 WILES, PAUL 69,791 302,000 *SCHEDULE J PART II COLUMN B(III) IN 2012, THE INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES COMPENSATION AND LEADERSHIP COMMITTEE (THE "COMMITTEE") ENGAGED INTEGRATED HEALTHCARE STRATEGIES TO ASSESS THE MARKET AND DESIGN A NEW SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("NEW SERP") THAT WOULD BE MORE IN LINE WITH MARKET PRACTICE AND INDUSTRY TRENDS AND THAT WOULD BETTER ACCOMPLISH NOVANT HEALTH'S STRATEGIC EXECUTIVE RETENTION AND ATTRACTION GOALS, AND TO REPLACE THE EXISTING PLAN IN 2013, THE COMMITTEE APPROVED A NEW DEFINED CONTRIBUTION SERP, TO BE EFFECTIVE 1/1/2014, AND TERMINATED THE EXISTING DEFINED BENEFIT PLAN, WHICH HAS BEEN DESCRIBED IN DETAIL IN PRIOR NOVANT HEALTH FORM 990S AS 2013 WAS A TRANSITION YEAR, SERP BENEFITS PAID OUT AS A RESULT OF THE TERMINATION OF THE EXISTING DEFINED BENEFIT PLAN HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(III) OF SCHEDULE J, AND DEFERRED COMPENSATION AMOUNTS THAT ACCRUED IN 2013 UNDER THE NEW SERP TO BE CONTRIBUTED TO PARTICIPANTS IN 2014 ARE REPORTED IN COLUMN (C) OF SCHEDULE J THE AMOUNTS REFLECTED IN COLUMN F AS PREVIOUSLY REPORTED REFLECT THE CUMULATIVE AMOUNTS RECORDED ON PRIOR 990S IN COLUMN C AS DEFERRED COMPENSATION THE AMOUNT IS THEN ADJUSTED FOR ANY PRIOR YEAR'S PAYMENTS THAT HAVE BEEN REPORTED PREVIOUSLY IN COLUMNS B(II) AND F THE AMOUNTS PREVIOUSLY REPORTED AS DEFERRED COMPENSATION IN COLUMN C WERE DETERMINED USING AN ACTUARIAL CALCULATION THAT IS BASED ON SEVERAL FACTORS INCLUDING CURRENT AND FUTURE SALARY EXPECTATIONS, EXPECTED FUTURE YEARS OF SERVICE, AND DISCOUNTED USING INTEREST RATES IN PLACE AT THE TIME OF CALCULATION THE AMOUNT REPORTED IN COLUMN B(III) FOR THE PLAN PAYOUT WILL NOT EXACTLY REFLECT THE CUMULATIVE ACCRUALS REPORTED IN COLUMN F BECAUSE OF THE VARIABILITY OF THE CALCULATION'S FACTORS OVER TIME IN ADDITION, DUE TO THE LUMP SUM NATURE OF THE FINAL PAYOUT, THE AMOUNTS REPORTED IN COLUMN C AS ACCRUED IN THE PRIOR YEAR WOULD NOT INCLUDE A PORTION OF THE AMOUNTS ACCELERATED INTO 2013 THE EXISTING DEFINED BENEFIT PLAN PARTICIPANTS' PAYMENTS VARIED BASED ON LENGTH OF SERVICE TO THE ORGANIZATION, WHICH RANGED FROM 8 TO 37 YEARS, AND VESTING STATUS AT THE TIME OF PLAN TERMINATION THE NEW SERP IS INTENDED TO SUPPORT RETENTION OF KEY EXECUTIVES, AND TO OFFER COMPETITIVE TOTAL COMPENSATION ELIGIBLE EXECUTIVES WILL BE NOMINATED BY THE CEO AND APPROVED BY THE COMMITTEE TO PARTICIPATE GENERALLY, ANNUAL CONTRIBUTIONS TO THE PLAN OR PAYMENTS TO PARTICIPANTS WILL BE BASED ON A PERCENTAGE OF THE PARTICIPANT'S BASE SALARY AS OF JANUARY 1ST OF THE PREVIOUS PLAN YEAR PRIOR TO MAKING THE CONTRIBUTIONS OR PAYMENTS, THE COMMITTEE WILL APPROVE THE AMOUNTS AS TO REASONABLENESS, WHEN COMBINED WITH ALL OTHER ANNUAL COMPENSATION A 3 YEAR CLASS-YEAR VESTING PERIOD WILL APPLY UP TO AGE 62, WHEN ALL MONEY WOULD BE VESTED AND PAID OUT TO THE PARTICIPANT OTHERWISE, VESTING WILL OCCUR ON JANUARY 1ST OF EACH YEAR FOR THE APPROPRIATE CLASS-YEAR VESTING PERIOD THE COMMITTEE REVIEWS, APPROVES, AND OVERSEES ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS SHARE OPTION PLAN IN 2002, IN FULL COMPLIANCE WITH IRS RULES IN PLACE AT THAT TIME, NOVANT HEALTH, INC ALLOWED CERTAIN SENIOR EXECUTIVES TO WAIVE THEIR RIGHTS TO EVENTUALLY RECEIVE BENEFITS UNDER THE ORGANIZATION'S SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) AND INSTEAD PARTICIPATE IN A SHARE OPTION PLAN UNDER WHICH THEY COULD OBTAIN OPTION GRANTS OF EQUIVALENT VALUE TO PURCHASE MUTUAL FUND SHARES THE IRS RULES SUBSEQUENTLY CHANGED, AND ACCORDINGLY NO ADDITIONAL OPTIONS WERE GRANTED AFTER MAY 8, 2002 MR WILES RETIRED IN 2011 AFTER 40 YEARS OF SERVICE TO THE ORGANIZATION IN 2012, MR WILES EXERCISED THE MAJORITY OF HIS OPTIONS UNDER THE SHARE OPTION PLAN, AS REPORTED ON NOVANT HEALTH'S 2012 FORM 990 IN 2013, MR WILES EXERCISED ADDITIONAL OPTIONS UNDER THE PLAN AND RECEIVED \$301,999.98 IN REPORTABLE COMPENSATION INCLUDED ON A FORM W-2 ISSUED TO MR WILES THIS TOTAL AMOUNT IS INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII OF THE FORM 990, AND IN COLUMN (B)(III) OF PART II OF SCHEDULE J OF THE FORM 990 RETIREMENT SECURITY AGREEMENT RETIREMENT SECURITY AGREEMENTS ("RSAS") ENTERED INTO BY A PREDECESSOR ENTITY IN 1994 WERE ASSUMED BY NOVANT HEALTH, INC AND SUBSEQUENTLY APPROVED BY THE COMPENSATION & LEADERSHIP COMMITTEE FOR TWO PARTICIPANTS, WHICH PROVIDED FOR SUPPLEMENTAL RETIREMENT BENEFITS COMMENCING AT AGE 60 ANY CURRENT YEAR PAYMENTS OF RSA BENEFITS TO THESE PARTICIPANTS ARE INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII OF THE FORM 990 AND IN COLUMN (B)(III) OF PART II OF SCHEDULE J OF THE FORM 990
PART III - OTHER ADDITIONAL INFORMATION	DESCRIPTIONS OF SUPPLEMENTAL EXECUTIVE BENEFITS INCLUDED IN PART VII AND SCHEDULE J EXECUTIVE ANNUAL INCENTIVE PLAN AS PART OF THE REPORTED COMPENSATION AMOUNTS, THE REPORTING ORGANIZATION PROVIDES ANNUAL INCENTIVE COMPENSATION TO OFFICERS AND KEY EMPLOYEES UNDER AN EXECUTIVE ANNUAL INCENTIVE PLAN THE INCENTIVE PLAN IS DESIGNED TO OFFER OPPORTUNITIES FOR ADDITIONAL COMPENSATION, BUT ONLY TO THE EXTENT THAT ELIGIBLE EXECUTIVES HAVE PROVIDED EXTRAORDINARY SERVICES AND ACHIEVED EXTRAORDINARY RESULTS THAT MEET OR EXCEED PREDETERMINED GOALS IN THE AREAS OF QUALITY, PATIENT SATISFACTION, EMPLOYEE SATISFACTION AND FINANCIAL VITALITY THESE GOALS ARE ESTABLISHED AND APPROVED BY INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) THESE GOALS ARE WEIGHTED EQUALLY THE ADDITIONAL COMPENSATION CAN RANGE ANYWHERE FROM ZERO TO A MAXIMUM PERCENTAGE OF BASE SALARY THAT DIFFERS BY THE CLASS OF EXECUTIVE, THIS MAXIMUM PERCENTAGE RANGES FROM 30% TO 70% OF BASE SALARY IN ADDITION, THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD WHO OVERSEE THE INCENTIVE COMPENSATION PROGRAM APPLY TWO "CIRCUIT BREAKERS," WHICH ARE SUBSTANTIAL LEVELS OF ORGANIZATION-WIDE ACHIEVEMENT THAT MUST BE SATISFIED BEFORE ANY AWARDS ARE PAID TO ANY EXECUTIVE UNDER THE PROGRAM THE INCENTIVE COMPENSATION AWARDS HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(II) OF SCHEDULE J THEY ARE REPORTED IN THE YEAR PAID THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD REVIEW, APPROVE, AND OVERSEE ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THIS ANNUAL INCENTIVE PLAN LONG-TERM INCENTIVE PLAN THE REPORTING ORGANIZATION OFFERS A LONG-TERM INCENTIVE PLAN (THE "PLAN") TO CERTAIN KEY EXECUTIVES THE PLAN TIES A KEY EXECUTIVE'S COMPENSATION TO THE ORGANIZATION'S LONG-TERM STRATEGIC PERFORMANCE, PROVIDES A RETENTION INCENTIVE FOR KEY EXECUTIVES, AND ALLOWS THE ORGANIZATION TO COMPETE IN THE MARKETPLACE FOR TOP LEADERSHIP TALENT THE PLAN OPERATES ON THREE-YEAR PERFORMANCE CYCLES THAT BEGIN EACH YEAR LONG-TERM STRATEGIC GOALS (IN THE PRINCIPAL AREAS OF QUALITY OF PATIENT CARE AND LONG-TERM FINANCIAL STRENGTH) ARE ESTABLISHED AND APPROVED FOR EACH CYCLE, IN ADVANCE, BY INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) NOVANT HEALTH'S INTERNAL AUDIT DEPARTMENT REVIEWS THE METHODOLOGY AND PROCESS USED TO DETERMINE ACHIEVEMENT OF THE QUALITY METRICS AWARDS ARE PAYABLE FOR A PARTICULAR THREE-YEAR PERFORMANCE CYCLE ONLY IF THE REQUISITE LEVEL OF COMMUNITY BENEFIT AND CHARITY CARE, ALONG WITH THE REQUIRED LEVEL OF FINANCIAL PERFORMANCE TO DEMONSTRATE LONG-TERM FINANCIAL STRENGTH, HAVE BEEN MET FOR THAT RESPECTIVE THREE-YEAR PERFORMANCE PERIOD IF AN AWARD IS EARNED AT THE END OF A PERFORMANCE CYCLE, THEN THE INCENTIVE AWARD IS PAID OUT AND IS INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(II) OF SCHEDULE J THEY ARE REPORTED IN THE YEAR PAID THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD REVIEWS, APPROVES, AND OVERSEES ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THE PLAN PART I, LINE 4A - SEVERANCE PLAN ELIGIBLE EXECUTIVES MAY RECEIVE SEVERANCE PAY THAT IS BASED ON ANNUAL COMPENSATION FOR A SPECIFIED PERIOD OF TIME THE SEVERANCE PAY WOULD BE PAID ONLY IN THE EVENT OF CERTAIN TYPES OF EMPLOYMENT TERMINATION, AND IS FURTHER CONTINGENT ON THE SATISFACTION OF OTHER CONDITIONS SUCH AS COMPLIANCE WITH A NON-COMPETITION COVENANT ANY CURRENT YEAR PAYMENTS HAVE BEEN INCLUDED IN THE COMPENSATION AMOUNTS REPORTED IN PART VII AND IN COLUMN (B)(III) OF SCHEDULE J THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD REVIEWS, APPROVES, AND OVERSEES ALL ASPECTS AND ALL ELEMENTS OF EXECUTIVE COMPENSATION AND BENEFITS, INCLUDING THE AMOUNTS AWARDED UNDER THIS SEVERANCE PLAN

Additional Data

Software ID:  
Software Version:  
EIN: 56-1376950  
Name: NOVANT HEALTH 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				
ALUKO AKINYELE TRUSTEE	(i)	0	0	0	0	0	0	0
	(ii)	424,150	0	13,585	126,060	25,122	588,917	0
ARMATO CARL CEO PRES NH (*SEE ADD'L INFO IN SCH J P3)	(i)	1,044,780	917,964	6,160,463	57,800	39,372	8,220,379	4,819,072
	(ii)	0	0	0	0	0	0	0
HARGETT FRED EVP CFO NH (*SEE ADD'L INFO IN SCH J P3)	(i)	611,703	561,004	1,464,315	57,800	31,674	2,726,496	1,422,473
	(ii)	0	0	0	0	0	0	0
BEST DIANA SVP CLINCAL OPER IMPROV (*SEE ADD'L INFO IN SCH J P3)	(i)	339,252	239,526	619,847	92,311	22,545	1,313,481	421,757
	(ii)	0	0	0	0	0	0	0
BILLINGS DERRICK PRES NHSS (*SEE ADD'L INFO IN SCH J P3)	(i)	559,719	399,360	590,585	56,798	9,832	1,616,294	556,904
	(ii)	0	0	0	0	0	0	0
CURETON JESSE EVP & CHIEF CONSUMER OFFICER	(i)	502,517	156,000	28,442	143,167	26,256	856,382	0
	(ii)	0	0	0	0	0	0	0
DANIELS JACQUELINE EVP CAO (*SEE ADD'L INFO IN SCH J P3)	(i)	543,607	545,680	8,705,151	77,839	16,789	9,889,066	2,793,447
	(ii)	0	0	0	0	0	0	0
GARDELLA JOHN VP CLINICAL IMPROVEMENT	(i)	276,843	123,231	13,625	35,840	19,546	469,085	0
	(ii)	0	0	0	0	0	0	0
GARMON-BROWN OPHELIA SVP PHYSICIAN SERVICES	(i)	345,906	138,480	21,926	115,800	24,107	646,219	7,500
	(ii)	0	0	0	0	0	0	0
GARRETT DAVID SVP CHIEF INFO OFFICER	(i)	399,097	242,270	33,188	123,750	22,402	820,707	7,500
	(ii)	0	0	0	0	0	0	0
JOHNSON TONY SVP SUPPLY CHAIN (*SEE ADD'L INFO IN SCH J P3)	(i)	320,345	205,260	611,923	57,800	5,753	1,201,081	583,743
	(ii)	0	0	0	0	0	0	0
LEDERER JAMES VP CLINICAL IMPROVEMENT	(i)	309,132	117,860	18,839	83,947	16,623	546,401	7,500
	(ii)	0	0	0	0	0	0	0
LINER SALLYE EVP CCO (*SEE ADD'L INFO IN SCH J P3)	(i)	501,462	507,094	335,950	254,810	27,660	1,626,976	236,603
	(ii)	0	0	0	0	0	0	0
MCGEE LAWRENCE EVP COUNSEL (*SEE ADD'L INFO IN SCH J P3)	(i)	384,909	304,420	590,712	156,200	24,434	1,460,675	445,287
	(ii)	0	0	0	0	0	0	0
MILLER MARK SVP OPERATIONAL FINANCE	(i)	353,574	223,920	24,494	111,300	30,940	744,228	0
	(ii)	0	0	0	0	0	0	0
MORGAN WAYNE SVP & CHIEF INVEST OFFICER	(i)	329,419	234,346	23,298	113,054	29,922	730,039	7,500
	(ii)	0	0	0	0	0	0	0
MYERS SCOTT SVP CORPORATE FINANCE	(i)	274,388	179,868	11,782	107,978	5,245	579,261	0
	(ii)	0	0	0	0	0	0	0
PARK DAVID SVP REAL ESTATE (*SEE ADD'L INFO IN SCH J P3)	(i)	278,317	203,100	553,043	63,296	22,967	1,120,723	515,808
	(ii)	0	0	0	0	0	0	0
PATEFIELD ARTHUR SVP & CHIEF MED INFO OFF	(i)	380,948	304,980	35,666	55,800	33,728	811,122	7,500
	(ii)	0	0	0	0	0	0	0
SEEHAUSEN ROBERT SVP BUSINESS DEV (*SEE ADD'L INFO IN SCH J P3)	(i)	384,481	240,480	2,207,396	63,282	28,132	2,923,771	1,859,152
	(ii)	0	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				
SMITH-HILL JANET SVP HUMAN RESOURCES	(i) (ii)	371,115 0	237,744 0	30,847 0	106,550 0	28,561 0	774,817 0	7,500 0
VINCENT PAULA SVP FOUNDATIONS (*SEE ADD'L INFO IN SCH J P3)	(i) (ii)	332,914 0	247,516 0	2,689,034 0	53,755 0	12,951 0	3,336,170 0	264,675 0
WALLENHAUPT STEPHEN EVP CMO (*SEE ADD'L INFO IN SCH J P3)	(i) (ii)	517,755 0	523,518 0	1,097,177 0	63,300 0	28,714 0	2,230,464 0	967,313 0
BURKE MARGARET SVP BUSINESS RISK	(i) (ii)	230,711 0	127,420 0	17,343 0	60,540 0	5,068 0	441,082 0	0 0
EVERETT CATHERINE VP NOVANT MARKETING AND PR	(i) (ii)	221,360 0	96,870 0	10,995 0	57,304 0	10,286 0	396,815 0	0 0
HEALY PATRICK VP CLINICAL IMPROVEMENT	(i) (ii)	274,875 0	120,966 0	9,680 0	94,157 0	30,541 0	530,219 0	0 0
RILEY MICHAEL PRESIDENT NHCOH	(i) (ii)	250,996 0	134,920 0	22,622 0	42,254 0	22,404 0	473,196 0	0 0
WEBER DANIELLE SVP REVENUE CYCLE	(i) (ii)	96,181 0	184,164 0	47,966 0	32,703 0	4,873 0	365,887 0	7,500 0
WILES PAUL FMR CEO	(i) (ii)	0 0	0 0	329,978 0	0 0	0 0	329,978 0	0 0
WOOLLEN THOMAS FMR SVP PHYSICIAN SERVICES	(i) (ii)	52,854 291,507	0 0	10,901 4,956	52,500 56,810	11,121 22,430	127,376 375,703	0 0
BEIER GREGORY FMR EVP & PRES NOVANT OPS	(i) (ii)	0 0	645,519 0	707,610 0	0 0	10,780 0	1,363,909 0	132,331 0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
NOVANT HEALTH INC

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.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number  
56-1376950

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTH CAROLINA MED CARE COMMISSION	52-1309402		03-23-2011	65,605,000	SEE PART VI		X		X		X
B	NORTH CAROLINA MED CARE COMMISSION	52-1309402	657902U91	12-08-2004	110,000,000	SEE PART VI		X		X		X
C	NORTH CAROLINA MED CARE COMMISSION	52-1309402	657902V25	12-08-2004	25,000,000	SEE PART VI		X		X		X
D	NORTH CAROLINA MED CARE COMMISSION	52-1309402	6579025X6	12-14-2006	260,647,399	SEE PART VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	10,500,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	65,605,000		110,000,000		25,000,000		260,647,399	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	916,056		916,056		208,194		1,536,125	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	109,083,944		109,083,944		24,791,806		204,855,830	
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2011		2007		2007		2009	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
		X			X		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X			X		X		X
b	Exception to rebate?		X		X		X		X
c	No rebate due?		X	X		X		X	
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X		X			X
b	Name of provider	SEE PART VI		MERRILL LYNCH		MERRILL LYNCH			
c	Term of hedge	28 300000000000		28 300000000000		28 300000000000			
d	Was the hedge superintegrated?		X		X		X		
e	Was the hedge terminated?		X		X		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		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
FORM 990, SCHEDULE K ENTITY 1	FORM 990, SCHEDULE K, PART I, ENTITY 1, LINE A DESCRIPTION OF PURPOSE CURRENT REFUND THE SERIES 2008A BONDS ISSUED 8/19/08 FORM 990, SCHEDULE K, PART IV 4B & 4C, ENTITY 1, COLUMN A NOVANT HEALTH ENTERED INTO QUALIFIED HEDGES WITH RESPECT TO THE BONDS ISSUED ON 03/23/11 THE HEDGES ARE PROVIDED BY GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS, LP AND SUNTRUST BANK AND HAVE TERMS OF 17 8 AND 20 3 YEARS, RESPECTIVELY FORM 990, SCHEDULE K, PART I, ENTITY 1, LINE B DESCRIPTION OF PURPOSE (1) ACQUISITION AND INSTALLATION OF CAPITAL EQUIPMENT FOR HEALTHCARE FACILITIES, AND (2) PAY ISSUANCE COSTS FORM 990, SCHEDULE K, PART IV 2C, ENTITY 1 LINE B DATE OF LAST REBATE COMPUTATION DECEMBER 8, 2009 FORM 990, SCHEDULE K, PART I, ENTITY 1, LINE C DESCRIPTION OF PURPOSE (1) ACQUISITION AND INSTALLATION OF CAPITAL EQUIPMENT FOR HEALTHCARE FACILITIES, AND (2) PAY ISSUANCE COSTS FORM 990, SCHEDULE K, PART IV 2C, ENTITY 1 LINE C DATE OF LAST REBATE COMPUTATION DECEMBER 8, 2009 FORM 990, SCHEDULE K, PART I, ENTITY 1, LINE D DESCRIPTION OF PURPOSE (1) DEPOSIT TO CONSTRUCTION ACCOUNT, (2) REFINANCING OF OUTSTANDING LINE OF CREDIT, AND (3) PAY ISSUANCE COSTS FORM 990, SCHEDULE K, PART IV 2C, ENTITY 1 LINE D DATE OF LAST REBATE COMPUTATION DECEMBER 1,2011
FORM 990, SCHEDULE K ENTITY 2	FORM 990, SCHEDULE K, PART I, ENTITY 2, LINE A DESCRIPTION OF PURPOSE CURRENT REFUND THE SERIES 2008B BONDS ISSUED 8/19/08 FORM 990, SCHEDULE K, PART IV 4B & 4C, ENTITY 2, COLUMN A NOVANT HEALTH ENTERED INTO QUALIFIED HEDGES WITH RESPECT TO THE BONDS ISSUED ON 03/23/11 THE HEDGES ARE PROVIDED BY GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS, LP AND SUNTRUST BANK AND HAVE TERMS OF 17 8 AND 20 3 YEARS, RESPECTIVELY FORM 990, SCHEDULE K, PART I, ENTITY 2, LINE B DESCRIPTION OF PURPOSE CURRENT REFUND THE SERIES 2008C BONDS ISSUED 8/19/08 FORM 990, SCHEDULE K, PART IV 4B & 4C, ENTITY 2, COLUMN B NOVANT HEALTH ENTERED INTO QUALIFIED HEDGES WITH RESPECT TO THE BONDS ISSUED ON 03/23/11 THE HEDGES ARE PROVIDED BY GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS, LP AND SUNTRUST BANK AND HAVE TERMS OF 17 8 AND 20 3 YEARS, RESPECTIVELY FORM 990, SCHEDULE K, PART I, ENTITY 2, LINE C DESCRIPTION OF PURPOSE (1) FINANCE THE VERTICAL EXPANSION OF PRESBYTERIAN HOSPITAL HUNTERSVILLE, THE VERTICAL EXPANSION OF PRESBYTERIAN HOSPITAL MATTHEWS, THE CONSTRUCTION AND EQUIPPING OF CLEMMONS MEDICAL CENTER, G-WING RENOVATIONS AT THE PRESBYTERIAN HOSPITAL AND MEDICAL, COMPUTER OFFICE AND CAPITAL EQUIPMENT AT THE PRESBYTERIAN HOSPITAL, PRESBYTERIAN HOSPITAL MATTHEWS AND PRESBYTERIAN HOSPITAL HUNTERSVILLE (2) REFUND A PORTION OF THE 2003A BONDS (3) REFUND A TAXABLE BANK LOAN AND (4) PAY ISSUANCE COSTS FORM 990, SCHEDULE K, PART I, ENTITY 2, LINE D DESCRIPTION OF PURPOSE (1) ACQUISITION AND INSTALLATION OF CAPITAL EQUIPMENT FOR HEALTHCARE FACILITIES, AND (2) PAY ISSUANCE COSTS
FORM 990, SCHEDULE K ENTITY 3	FORM 990, SCHEDULE K, PART I, ENTITY 3, LINE A DESCRIPTION OF PURPOSE (1) FINANCE A 60 BED HOSPITAL IN HAYMARKET, VA (2) REFUND THE PRINCE WILLIAM HOSPITAL SERIES 2002 BONDS (3) PAY ISSUANCE COSTS
FORM 990, SCHEDULE K, PART III - PRIVATE BUSINESS USE	THE ORGANIZATION IS PART OF THE NOVANT HEALTH CARE SYSTEM, WHICH HAS A LEGAL DEPARTMENT, MATERIALS MANAGEMENT DEPARTMENT AND A RESEARCH DEPARTMENT THESE DEPARTMENTS REGULARLY REVIEW MANAGEMENT, SERVICE AND RESEARCH AGREEMENTS RELATED TO TAX-EXEMPT BOND FINANCED PROPERTY OUTSIDE BOND COUNSEL CONDUCTS ADDITIONAL REVIEW AND DUE DILIGENCE WHEN ENGAGED FOR A BOND ISSUANCE OR REFUNDING PROJECT



Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
NOVANT HEALTH INC

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.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number  
56-1376950

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTH CAROLINA MED CARE COMMISSION	52-1309402		03-23-2011	70,695,000	SEE PART VI		X		X		X
B	NORTH CAROLINA MED CARE COMMISSION	52-1309402		03-23-2011	47,165,000	SEE PART VI		X		X		X
C	NORTH CAROLINA MED CARE COMMISSION	52-1309402	65821DRK9	05-07-2013	161,286,657	SEE PART VI		X		X		X
D	NORTH CAROLINA MED CARE COMMISSION	52-1309402	65821DFU0	11-03-2010	259,620,763	SEE PART VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	10,500,000		6,885,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	70,695,000		47,165,000		161,286,657		259,620,763	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,248,186				1,248,186		2,703,029	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds	17,472,178						17,472,178	
10	Capital expenditures from proceeds	91,753,954				91,753,954		239,445,557	
11	Other spent proceeds								
12	Other unspent proceeds	10,047,395				10,047,395			
13	Year of substantial completion	2011		2011		2013			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			X
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			X
16	Has the final allocation of proceeds been made?	X		X			X	X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		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		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X		X		X	
b	Exception to rebate?		X		X		X		X
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X			X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X			X		X
b	Name of provider	SEE PART VI		SEE PART VI					
c	Term of hedge								
d	Was the hedge superintegrated?		X		X				
e	Was the hedge terminated?		X		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		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
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Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds										OMB No 1545-0047	
											2013	
	Department of the Treasury Internal Revenue Service										Open to Public Inspection	
Name of the organization NOVANT HEALTH INC										Employer identification number 56-1376950		

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 IND DEV AUTH COUNTY OF PRINCE WILLIAM	52-1325659	74176HAT2	05-07-2013	153,845,821	SEE PART VI		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	153,845,821							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,303,430							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	75,884,557							
11	Other spent proceeds								
12	Other unspent proceeds	18,199,057							
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
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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.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
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Additional Data

Software ID:  
Software Version:  
EIN: 56-1376950  
Name: NOVANT HEALTH INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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) NOVANT HEALTH RISK RETENTION GROUP INC (FKA NEW STAR RISK RETENTION GROUP)	BOARD INCLUDES ARMATO, HARGETT, MCGEE AND WALLENHAUPT	2,514,920	THE FILING ORGANIZATION HAS A LOAN IN PLACE WITH NHRRG		No
(2) MEDQUEST	BOARD INCLUDES ARMATO, HARGETT AND MCGEE	227,618,727	THE FILING ORGANIZATION HAS A LOAN IN PLACE WITH MEDQUEST		No
(3) BRIAN WEBER	FAMILY MEMBER OF DANIELLE WEBER, FORMER KEY EMPLOYEE	199,664	COMPENSATION PAID BY THE FILING ORGANIZATION TO A FAMILY MEMBER OF THE INTERESTED PERSON		No
(4) ALEXIA JOHNSON	FAMILY MEMBER OF TONY JOHNSON, KEY EMPLOYEE	34,123	COMPENSATION PAID BY THE FILING ORGANIZATION TO A FAMILY MEMBER OF THE INTERESTED PERSON		No
(5) CHASE GARRETT	FAMILY MEMBER OF DAVE GARRETT, KEY EMPLOYEE	44,072	COMPENSATION PAID BY THE FILING ORGANIZATION TO A FAMILY MEMBER OF THE INTERESTED PERSON		No
(6) MARY PATEFIELD	FAMILY MEMBER OF ARTHUR PATEFIELD, KEY EMPLOYEE	67,175	COMPENSATION PAID BY THE FILING ORGANIZATION TO A FAMILY MEMBER OF THE INTERESTED PERSON		No
(7) ARTHUR J PATEFIELD JR	FAMILY MEMBER OF ARTHUR PATEFIELD, KEY EMPLOYEE	41,119	COMPENSATION PAID BY THE FILING ORGANIZATION TO A FAMILY MEMBER OF THE INTERESTED PERSON		No
(8) COTSWALD MEDICAL CLINIC (CMC)	ENTITY OWNED > 5% BY THOMAS WOOLLEN, FORMER OFFICER	142,131	THE FILING ORGANIZATION HAS A LEASE IN PLACE WITH CMC		No
(9) PIEDMONT RADIATION ONCOLOGY (PRO)	ENTITY OWNED > 5% BY LISA EVANS, BOARD MEMBER	107,041	THE FILING ORGANIZATION MADE MEDICAL & HEALTHCARE PAYMENTS TO PRO		No

**SCHEDULE O**  
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ****2013****Open to Public  
Inspection****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.****▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).**Name of the organization  
NOVANT HEALTH INC**Employer identification number**

56-1376950

**Return  
Reference****Explanation**FORM 990,  
PART III, LINE  
1 MISSION,  
VISION AND  
VALUES

MISSION NOVANT HEALTH EXISTS TO IMPROVE THE HEALTH OF COMMUNITIES, ONE PERSON AT A TIME. VISION WE, THE EMPLOYEES OF NOVANT HEALTH AND OUR PHYSICIAN PARTNERS, WILL DELIVER THE MOST REMARKABLE PATIENT EXPERIENCE, IN EVERY DIMENSION, EVERY TIME. VALUES COMPASSION WE TREAT OUR CUSTOMERS AND THEIR FAMILIES, STAFF AND OTHER HEALTHCARE PROVIDERS AS FAMILY MEMBERS BY SHOWING THEM KINDNESS, PATIENCE, EMPATHY AND RESPECT. DIVERSITY WE RECOGNIZE THAT EVERY PERSON IS DIFFERENT, EACH SHAPED BY UNIQUE LIFE EXPERIENCES. THIS ENABLES US TO BETTER UNDERSTAND ONE ANOTHER AND OUR CUSTOMERS. PERSONAL EXCELLENCE WE STRIVE TO GROW PERSONALLY AND PROFESSIONALLY, AND APPROACH EACH SERVICE OPPORTUNITY WITH A POSITIVE, FLEXIBLE ATTITUDE. HONESTY AND PERSONAL INTEGRITY GUIDE ALL THAT WE DO. TEAMWORK THE NEEDS AND EXPECTATIONS OF ANY ONE CUSTOMER ARE GREATER THAN THAT WHICH ONE PERSON'S SERVICE EFFORTS CAN SATISFY. WE SUPPORT EACH OTHER SO THAT TOGETHER AS A TEAM, WE CAN BE SUCCESSFUL IN THE EYE OF THE CUSTOMER AS A QUALITY SERVICE PROVIDER. NOVANT HEALTH'S BRAND PROMISE WE ARE MAKING YOUR HEALTHCARE EXPERIENCE REMARKABLE. WE WILL BRING YOU WORLD-CLASS TECHNOLOGY, CLINICIANS, AND CARE WHEN AND WHERE YOU NEED IT. WE ARE REINVENTING THE HEALTHCARE EXPERIENCE TO BE SIMPLER, MORE CONVENIENT, AND MORE AFFORDABLE, SO THAT YOU CAN FOCUS ON GETTING BETTER AND STAYING HEALTHY.

Return Reference	Explanation
FORM 990, PART I, LINE 6	THE NUMBER OF VOLUNTEERS REPORTED INCLUDES THOSE VOLUNTEERS SERVING AS BOARD MEMBERS

Return Reference	Explanation	
	FORM 990, Pt. I, L1 ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES	<p>NOVANT HEALTH, INC. IS THE PARENT ORGANIZATION OF A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICE PROVIDERS (COLLECTIVELY KNOWN AS "NOVANT HEALTH"). NOVANT HEALTH, INC. EXISTS TO SUPPORT THE OVERALL SYSTEM AND DOES SO BY PROVIDING OVERALL STRATEGIC PLANNING, CENTRALIZED ADMINISTRATIVE SUPPORT AND THE COORDINATION OF SYSTEM-WIDE ACTIVITIES. NOVANT HEALTH IS RANKED AS ONE OF OUR NATION'S 25 MOST INTEGRATED HEALTHCARE SYSTEMS - CARING FOR PATIENTS AND COMMUNITIES IN GEORGIA, NORTH CAROLINA, SOUTH CAROLINA AND VIRGINIA. IN 2013, THE NOVANT HEALTH SYSTEM REPORTED \$3.6 BILLION IN REVENUES. WE EXIST TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE. WE ACCOMPLISH THAT MISSION BY PROVIDING EXCELLENT HEALTHCARE FACILITIES AND PHYSICIAN PRACTICES AND MAKING A COMMITMENT TO COMMUNITY OUTREACH AND SERVICE. WE PROVIDE HUNDREDS OF PROGRAMS THAT SERVE OUR PATIENTS, NEIGHBORS AND SOME OF OUR COMMUNITIES' MOST VULNERABLE CITIZENS. WE ALSO PROVIDE CHARITY MEDICAL CARE FOR THE UNINSURED, SERVICES TO INDIVIDUALS WITH MEDICAID COVERAGE REIMBURSED AT LESS THAN COST, COMMUNITY HEALTH EDUCATION, MEDICAL SERVICES THAT LOSE MONEY BUT ARE IMPORTANT FOR THE COMMUNITY, SUPPORT GROUPS, OUTREACH SERVICES, COMMUNITY EVENTS AND SCREENINGS. IN ADDITION, WE PARTICIPATE IN MEDICAL RESEARCH, ACADEMIC HEALTH PROGRAMS AND PARTNERSHIPS WITH A DIVERSE GROUP OF ORGANIZATIONS TO PROVIDE OTHER COMMUNITY INITIATIVES. IN 2013, NOVANT HEALTH FACILITIES CONTINUED THEIR RELENTLESS FOCUS ON DELIVERING A REMARKABLE PATIENT EXPERIENCE AND LOOKED FOR INNOVATIVE WAYS TO DELIVER EXPANDED ACCESS TO CARE, AS WELL AS EASE NAVIGATION OF THE HEALTHCARE SYSTEM. IN APRIL 2013, NOVANT HEALTH FACILITIES ACROSS A FOUR-STATE FOOTPRINT LAUNCHED A NEW BRAND STRATEGY TO CREATE A SEAMLESS EXPERIENCE THAT UNITES MULTIPLE POINTS OF CARE AND DEMONSTRATES ACROSS ALL FACILITIES THAT NOVANT HEALTH IS DEDICATED TO MAKING HEALTHCARE REMARKABLE. THE UNIFIED BRAND APPROACH POSITIONS NOVANT HEALTH AS AN INTEGRATED NETWORK POISED TO DELIVER SEAMLESS AND CONVENIENT HEALTHCARE. IN 2013, THE SYSTEM CONTINUED TO ADDRESS THE NEED FOR EXPANDED AND CONVENIENT HEALTHCARE ACCESS THROUGH THE OPENING OF NEW FACILITIES, EXPANSION OF CURRENT FACILITIES AND ENGAGEMENT IN STRATEGIC PARTNERSHIPS WITH OTHER HOSPITALS AND HEALTH SYSTEMS. NOVANT HEALTH CLEMMONS MEDICAL CENTER IN CLEMMONS, NC OPENED WITH TWO OPERATING SUITES FOR OUTPATIENT SURGERY, A 24/7 EMERGENCY DEPARTMENT, AND IMAGING AND LAB SERVICES. IN 2013, WHILE NOVANT HEALTH FRANKLIN MEDICAL CENTER IN LOUISBURG, NC FOCUSED ON THE BEHAVIORAL HEALTH NEEDS OF ITS COMMUNITY BY OPENING A NEW, 13-BED GERIATRIC BEHAVIORAL HEALTH UNIT. THE WINSTON-SALEM, NC MARKET ALSO ADDRESSED THE NEED FOR CONVENIENT ACCESS TO QUALITY HEALTH BY OPENING THE FIRST NOVANT HEALTH EASY CARE FAMILY MEDICINE CLINIC. THE CLINIC WILL SHARE SPACE WITH NOVANT HEALTH FRIEDBERG FAMILY MEDICINE IN DAVIDSON COUNTY, NC AND BE OPEN WEEKDAY EVENINGS AND ON SATURDAY. IN GEORGIA, NOVANT HEALTH COLLABORATED WITH MEMORIAL HEALTH TO ESTABLISH A FREESTANDING CHILDREN'S HOSPITAL IN SAVANNAH, GA. THE NEW FACILITY WILL BE A FOUR-YEAR PHASED PROJECT AND HOUSE A PEDIATRIC INTENSIVE CARE UNIT, A TWO-ROOM SURGICAL SUITE, PEDIATRIC ANCILLARY SERVICES AND A 24-HOUR EMERGENCY DEPARTMENT. NOVANT HEALTH MATTHEWS MEDICAL CENTER IN MATTHEWS, NC UNVEILED 23 INPATIENT ROOMS, NINE OBSERVATION ROOMS AND THREE HOSPICE BEDS INTENDED TO EASE THE TRANSITION FOR PATIENTS BETWEEN THE INTENSIVE-CARE UNIT AND INTERMEDIATE CARE UNIT, NOW BOTH ON THE SAME FLOOR. NOVANT HEALTH HUNTERSVILLE MEDICAL CENTER IN HUNTERSVILLE, NC ALSO ADDED 15 IN-PATIENT BEDS TO SUPPLEMENT GROWING NEEDS INCLUDING A NEW INTENSIVE CARE UNIT AND EXTRA ROOM FOR WOMEN'S SUPPORT SERVICES. IN ADDITION TO GROWTH INITIATIVES, NOVANT HEALTH HAS FOCUSED ON MAKING HEALTHCARE MORE CONVENIENT AND EASIER TO ACCESS. VIDEO VISITS ALLOW PATIENTS TO CONNECT WITH THEIR HEALTHCARE PROVIDERS FROM THE COMFORT OF THEIR HOMES OR OFFICES. USED FOR NON-EMERGENT HEALTH CONCERNS, VIDEO VISITS WORK BEST FOR PATIENTS NEEDING CHRONIC DISEASE MANAGEMENT OR FOLLOW-UP CARE WITHOUT A PHYSICAL EXAM. SIXTY-FOUR PROVIDERS AND 20 PRACTICES ARE ALREADY UTILIZING THIS TOOL, AND THOSE NUMBERS WILL CONTINUE TO GROW IN 2014. TELEMEDICINE ENABLES US TO DELIVER HIGH-LEVEL CLINICAL CARE ANYWHERE BY CONNECTING SMALLER HOSPITALS WITH SPECIALISTS AT OUR MAJOR MEDICAL CENTERS. THROUGH THE ELECTRONIC HEALTH RECORD, NOVANT HEALTH MEDICAL GROUP PHYSICIANS ALSO OFFERS A SECURE PATIENT PORTAL (MY CHART) THAT GIVES PATIENTS DIRECT ACCESS TO THEIR MEDICAL RECORDS ONLINE AND THROUGH OUR MOBILE APP. WITH MORE THAN 275,000 USERS, MY CHART HAS TRANSFORMED THE WAY PATIENTS MANAGE THEIR HEALTHCARE, INTERACT WITH THEIR CARE TEAM, SCHEDULE APPOINTMENTS AND REQUEST PRESCRIPTION REFILLS. OTHER NOVANT HEALTH MOBILE APPLICATIONS MAKING HEALTHCARE SIMPLER FOR PATIENTS INCLUDE MOBILRX, WHICH ALLOWS PATIENTS TO PLACE AND REFILL PRESCRIPTIONS ON THEIR PH</p>

Return Reference	Explanation	
	FORM 990, P1, L1 ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES	ONE, AND ER WAIT TIMES, WHICH ALERTS PATIENTS TO THE WAIT TIMES AT NOVANT HEALTH EMERGENCY ROOMS. INNOVATIVE PROGRAMS HAVE BEEN IMPLEMENTED TO SAVE OUR PATIENTS TIME AND ENERGY. HOLD MY PLACE WAS DEVELOPED TO MAKE EMERGENCY ROOM AND URGENT CARE VISITS EASIER AND MORE CONVENIENT. PATIENTS CAN RESERVE AN APPOINTMENT TIME ONLINE BEFORE THEY LEAVE THE HOUSE, WHICH HAS HELPED CUT DOWN ON WAIT TIMES. NOVANT HEALTH PHARMACIES HAVE ADDED MAIL ORDER HOME DELIVERY AS AN ADDITIONAL CONVENIENCE FOR PATIENTS. IN ADDITION TO OUR QUALITY AND COMPREHENSIVE CATEGORIES OF SERVICES, WE'RE VERY PROUD OF OUR PATIENT FINANCIAL ASSISTANCE PROGRAM. WE WORK WITH CUSTOMERS TO HELP QUALIFY THEM FOR PUBLIC ASSISTANCE, ESTABLISH A REASONABLE PAYMENT PLAN, DISCOUNT THEIR BILL OR PROVIDE THEM WITH FREE CHARITY CARE. WE ASSIST OUR COMMUNITIES IN OTHER WAYS AS WELL, FOLLOWING ARE JUST A FEW EXAMPLES. NOVANT HEALTH SPONSORED A FREE HEALTH FAIR OPEN TO THE PUBLIC TO PROVIDE A VARIETY OF HEALTH SCREENINGS AND WELLNESS ACTIVITIES. NOVANT HEALTH SPORTS MEDICINE SCREENED OVER 600 HIGH SCHOOL STUDENTS IN UNION COUNTY, NC AND LAKE NORMAN, NC TO CLEAR THEM FOR PLAY IN EXTRA-CURRICULAR SPORTS. NOVANT HEALTH PRINCE WILLIAM MEDICAL CENTER IN MANASSAS, VA PROVIDED FREE EDUCATIONAL PHYSICIAN SEMINARS THROUGHOUT NORTHERN VIRGINIA TO TALK ABOUT THE MANY HEALTH-RELATED SERVICES THEY PROVIDE. STAFF AT NOVANT HEALTH THOMASVILLE MEDICAL CENTER IN THOMASVILLE, NC DISTRIBUTED COLORING BOOKS TO AREA SCHOOL CHILDREN THROUGHOUT THE COUNTY AND PROVIDED EDUCATIONAL MATERIALS TO THE COMMUNITY TO ASSIST EFFORTS TO RAISE AWARENESS OF THE IMPORTANCE OF HAND WASHING, RECEIVING A FLU VACCINATION AND OTHER FLU PRECAUTION STEPS. IN SUMMARY, NOVANT HEALTH IS A LEADING HEALTHCARE ORGANIZATION, DEDICATED TO DELIVERING REMARKABLE HEALTHCARE AND IMPROVING ACCESS AND CONVENIENCE ACROSS FOUR STATES. HOSPITALS RANGE FROM METROPOLITAN TERTIARY MEDICAL CENTERS TO SMALL, COMMUNITY HOSPITALS IN RURAL AREAS. OTHER NOVANT HEALTH FACILITIES AND PROGRAMS INCLUDE PHYSICIAN PRACTICES, OUTPATIENT SURGERY CENTERS, IMAGING CENTERS, MEDICAL PLAZAS AND REHABILITATION PROGRAMS.

Return Reference	Explanation
FORM 990, PART I, LINE 1	COMMUNITY BENEFIT REPORT <a href="http://www.novanthealth.org/home/about-us/company-information/financial-profile/community-benefit-report.aspx">HTTP://WWW.NOVANTHEALTH.ORG/HOME/ABOUT-US/COMPANY-INFORMATION/FINANCIAL - PROFILE/COMMUNITY-BENEFIT-REPORT.ASPX</a> THE COMMUNITY BENEFIT REPORT PREPARED BY NOVANT HEALTH IS A SYSTEM-WIDE REPORT THAT INCLUDES QUALITATIVE AND QUANTITATIVE INFORMATION. IN THIS REPORT, THE NOVANT HEALTH SYSTEM'S COMMUNITY BENEFIT WAS APPROXIMATELY \$566,000,000, INCLUDING \$129,000,000 IN CHARITY CARE, IN 2013. PLEASE NOTE THAT THE NUMERIC DATA IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HOSPITAL ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT.

Return Reference	Explanation
FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES	NOVANT HEALTH, INC IS THE PARENT ORGANIZATION OF A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICES (COLLECTIVELY KNOWN AS "NOVANT HEALTH") NOVANT HEALTH EXISTS OT SUPPORT THE OVERALL SYSTEM AND DOES SO BY PROVIDING OVERALL STRATEGIC PLANNING, CENTRALIZED ADMINISTRATIVE SUPPORT, AND THE COORDINATION OF SY STEM- WIDE ACTIVITIES

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	FAMILY AND/OR BUSINESS RELATIONSHIPS BUSINESS RELATIONSHIP CARL ARMATO ARTHUR PATEFIELD BUSINESS RELATIONSHIP CARL ARMATO LARRY MCGEE FRED HARGETT JOHN WOODLIEF WAYNE MORGAN BUSINESS RELATIONSHIP CARL ARMATO LARRY MCGEE FRED HARGETT STEPHEN WALLENHAUPT BUSINESS RELATIONSHIP CARL ARMATO LARRY MCGEE FRED HARGETT



Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	FORM 990, PART VI, SECTION B, LINE 11 ORGANIZATION'S PROCESS TO REVIEW FORM 990 THE AUDIT AND COMPLIANCE COMMITTEE OF THE NOVANT HEALTH BOARD OF TRUSTEES ("THE COMMITTEE") HAS RESPONSIBILITY FOR OVERSEEING THE ORGANIZATION'S TAX MATTERS THE BOARD OF TRUSTEES HAS DELEGATED THE REVIEW OF THE FORM 990 TO THE AUDIT AND COMPLIANCE COMMITTEE THE COMMITTEE IS THE REVIEW BODY FOR ALL OF THE FORM 990S FILED FOR ORGANIZATIONS WITHIN THE NOVANT HEALTH SYSTEM THE AUDIT AND COMPLIANCE COMMITTEE MEETS BEFORE THE FORM 990S ARE FILED WITH THE IRS AND AFTER ALL BOARD MEMBERS HAVE RECEIVED A COPY OF THE FORM 990 AND A SUMMARY OF ITS CONTENTS THE SENIOR DIRECTOR OF TAX AND LEGAL COUNSEL ATTEND THE MEETING TO ANSWER ANY QUESTIONS AND ADDRESS ANY SIGNIFICANT DISCLOSURES WITHIN THE FORM 990

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	FORM 990, PART VI, SECTION B, LINE 12C MONITORING AND ENFORCEMENT OF COI THE ORGANIZATION'S TRUSTEE CONFLICT OF INTEREST POLICY APPLIES TO ALL TRUSTEES, PRINCIPAL OFFICERS OR MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS INCLUDING ANY APPLICABLE DISREGARDED ENTITIES ALL TRUSTEES ARE SENT AN ANNUAL DISCLOSURE FORM ANY POSITIVE ANSWERS ON THE TRUSTEE ANNUAL DISCLOSURE FORM ARE REVIEWED BY THE GENERAL COUNSEL IF THE RELATIONSHIP DISCLOSED IS DETERMINED NOT TO POSE A POTENTIAL CONFLICT OF INTEREST GENERALLY, THEN NO ACTION IS TAKEN WITH RESPECT TO PARTICULAR TRANSACTIONS THAT COME BEFORE THE BOARD, THE POTENTIAL CONFLICT OF INTEREST IS DISCLOSED BY THE BOARD MEMBER, GENERALLY IN ADVANCE OF THE MEETING AT WHICH A VOTE IS TO TAKE PLACE, AND LEGAL COUNSEL DISCUSSES THE POTENTIAL CONFLICT OF INTEREST WITH THE BOARD MEMBER THE BOARD MEMBER IS INSTRUCTED IN ACCORDANCE WITH THE TRUSTEE CONFLICT OF INTEREST POLICY IF A CONFLICT OF INTEREST IS FOUND TO EXIST, THEN THE BOARD MEMBER WITH THE CONFLICT REFRAINS FROM PARTICIPATION IN THE BOARD'S DELIBERATIONS AND VOTE ON THE TRANSACTION

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>FORM 990, PART VI, SECTION B, LINE 15A COMPENSATION PROCESS FOR TOP OFFICIAL INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS OF COMPENSATION AND BENEFITS FOR NOVANT HEALTH'S CEO AND FOR CERTAIN LEADERS AND EXECUTIVES ("EXECUTIVES") SERVING NOVANT HEALTH AND ITS RELATED OR DISREGARDED ENTITIES THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT, USES THIRD PARTY COMPARABILITY DATA FOR FUNCTIONALLY SIMILAR POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS, AND MAKES SURE THAT TOTAL COMPENSATION AND BENEFITS FOR EACH EXECUTIVE IS REASONABLE FOR THAT EXECUTIVE'S POSITION THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION AND BENEFITS ANNUALLY, CONSISTENT WITH THE WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY OF NOVANT HEALTH, AND IN A MANNER THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, THEREBY ASSURING THAT TOTAL COMPENSATION AND BENEFITS PROVIDED TO EACH EXECUTIVE IS REASONABLE</p> <p>FORM 990, PART VI, SECTION B, LINE 15B COMPENSATION PROCESS FOR OFFICERS INDEPENDENT AND DISINTERESTED MEMBERS OF THE NOVANT HEALTH BOARD OF TRUSTEES (WHO COMPRISE THE COMPENSATION AND LEADERSHIP COMMITTEE OF THE BOARD) REVIEW, APPROVE, AND OVERSEE ALL ASPECTS OF COMPENSATION AND BENEFITS FOR CERTAIN LEADERS AND EXECUTIVES ("EXECUTIVES") SERVING NOVANT HEALTH AND ITS RELATED OR DISREGARDED ENTITIES THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT, USES THIRD PARTY COMPARABILITY DATA FOR FUNCTIONALLY SIMILAR POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS, AND MAKES SURE THAT TOTAL COMPENSATION AND BENEFITS FOR EACH EXECUTIVE IS REASONABLE FOR THAT EXECUTIVE'S POSITION THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION AND BENEFITS ANNUALLY, CONSISTENT WITH THE WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY OF NOVANT HEALTH, AND IN A MANNER THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, THEREBY ASSURING THAT TOTAL COMPENSATION AND BENEFITS PROVIDED TO EACH EXECUTIVE IS REASONABLE</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	FORM 990, PART VI, SECTION C, LINE 19 GOVERNING DOCUMENTS DISCLOSURE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTAINING ALL ORGANIZATIONS IN THE NOVANT HEALTH SYSTEM ARE POSTED TO THE NOVANT HEALTH WEBSITE. THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO THE PUBLIC

Return Reference	Explanation
FORM 990, PART VII, SECTION A, COLUMN B RELATED ORGANIZATIONS	THE ORGANIZATION EMPLOYS CERTAIN EXECUTIVES WHOSE ROLES ARE SUCH THAT THEY PROVIDE SERVICES TO NOT ONLY THE ORGANIZATION, BUT ALSO TO SOME OR ALL OF THE OTHER TAX-EXEMPT ORGANIZATIONS WITHIN THE NOVANT HEALTH HEALTHCARE SYSTEM. FOR EXAMPLE, MANY OF THESE EXECUTIVES' ROLES FOCUS ON PARTICULAR SERVICE LINES WHICH CROSS THE VARIOUS GEOGRAPHIC MARKETS OUR ORGANIZATIONS SERVE, THUS THE SERVICES PROVIDED BY THESE EXECUTIVES MAY BENEFIT AND BE RECEIVED BY MULTIPLE ORGANIZATIONS WITHIN THE SYSTEM. THE EXECUTIVES DO NOT ALLOCATE THEIR HOURS BETWEEN THE VARIOUS ORGANIZATIONS, BUT RATHER THEIR TIME SPENT ON SERVICES TO THE ORGANIZATION IS INCLUSIVE OF SERVICES TO ALL OF THE ORGANIZATIONS THEY SERVE WITHIN THE SYSTEM.

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PURCHASED SERVICES PROGRAM SERVICE EXPENSES 20,768,664 MANAGEMENT AND GENERAL EXPENSES 4,764,485 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 25,533,149 CONSULTING FEES PROGRAM SERVICE EXPENSES 23,072,490 MANAGEMENT AND GENERAL EXPENSES 5,293,000 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 28,365,490 CONTRACTED SERVICES PROGRAM SERVICE EXPENSES 6,790,657 MANAGEMENT AND GENERAL EXPENSES 1,557,827 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 8,348,484 RECRUITMENT PROGRAM SERVICE EXPENSES 708,188 MANAGEMENT AND GENERAL EXPENSES 162,464 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 870,652

Return Reference	Explanation
FORM 990, PART XI, LINE 9	MOB DEFERRED GAIN 3,856,806 PARTNERSHIPS 8,224,094 PROGRAM INVESTMENT ADJUSTMENT -4,719,506 FASB/ACCOUNTING CHANGES 42,309,139 INTERCOMPANY ALLOCATION -9,424,528 SUBPART F -1,556,424 MALPRACTICE INSURANCE -737,388 DERIVATIVES/SWAP 25,260,878 SERP RETIREMENT 28,394,397 CORPORATE OVERHEAD ADJUSTMENT 113,199 ROUNDING -18,179

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
NOVANT HEALTH INC

Employer identification number  
56-1376950

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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
See Additional Data Table					

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							



Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproporionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PROVIDENCE ROAD LAND PARTNERS LLC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2264109	RENTAL REAL ESTATE	NC	NOVANT HEALTH	INVESTMENT	-15,362	33,586,060		No	-6,212		No	88 570 %
(2) SOUTHPARK SURGERY CENTER LLC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 87-0714098	HEALTHCARE	NC	THE PRESBYTERIAN HOSPITAL	RELATED	1,498,445	4,438,829		No			No	60 000 %
(3) PRINCE WILLIAM AMBULATORY SURGERY CENTER LLC  8650 SUDLEY ROAD STE 411 MANASSAS, VA 20110 77-0594498	HEALTHCARE	VA	PRINCE WILLIAM HOSPITAL	RELATED	1,686,734	1,209,900		No		Yes		51 000 %
(4) ENDOSCOPY CENTER OF LAKE NORMAN LLC  13808 PROFESSIONAL CENTER DRIVE HUNTERSVILLE, NC 28078 20-5112015	HEALTHCARE	NC	PRESBYTERIAN AMBULATORY HOLDINGS LLC	RELATED	17,198	312,039		No		Yes		51 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

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

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Additional Data

Software ID:  
Software Version:  
EIN: 56-1376950  
Name: NOVANT HEALTH INC

Form 990, Schedule R, Part I - Identification of Disregarded Entities

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Total income	(e) End-of-year assets	(f) Direct Controlling Entity
(1) ASHEVILLE OPEN MRI LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2001227	HEALTHCARE	NC	4,745,654	2,307,793	FOUNDATION HEALTH SYSTEMS
(1) CABARRUS DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 62-1715203	HEALTHCARE	NC	1,340,227	306,905	FOUNDATION HEALTH SYSTEMS
(2) CAPE FEAR DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 62-1833647	HEALTHCARE	NC	-151,757	-12,918	FOUNDATION HEALTH SYSTEMS
(3) CAROLINA IMAGING LLC OF FAYETTEVILLE 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1876345	HEALTHCARE	NC	12,478,965	3,176,076	FOUNDATION HEALTH SYSTEMS
(4) CHAPEL HILL DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2049126	HEALTHCARE	NC	1,313,100	1,214,907	FOUNDATION HEALTH SYSTEMS
(5) FOUNDATION HEALTH MOBILE IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 33-1039097	HEALTHCARE	NC	1,377,719	10,721,964	FOUNDATION HEALTH SYSTEMS
(6) DURHAM DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2272517	HEALTHCARE	NC	12,464,114	5,228,293	FOUNDATION HEALTH SYSTEMS
(7) JACKSONVILLE DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 94-3419385	HEALTHCARE	NC	3,885,070	2,414,281	FOUNDATION HEALTH SYSTEMS
(8) MECKLENBURG DIAGNOSTIC IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2016235	HEALTHCARE	NC	6,170,748	1,193,816	FOUNDATION HEALTH SYSTEMS
(9) PIEDMONT IMAGING LLC (FORSYTH) 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1876341	HEALTHCARE	NC	10,427,143	3,009,507	FOUNDATION HEALTH SYSTEMS
(10) TRIAD IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2001223	HEALTHCARE	NC	4,504,440	2,659,121	FOUNDATION HEALTH SYSTEMS
(11) CAPE FEAR MOBILE IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-0599346	INACTIVE	NC	0	0	FOUNDATION HEALTH SYSTEMS
(12) NORTH STATE SURGERY CENTER HOLDINGS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	FOUNDATION HEALTH SYSTEMS
(13) CABARRUS ORTHOPAEDIC SURGERY CENTER HOLDINGS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	FOUNDATION HEALTH SYSTEMS
(14) OASC LLC (DBA OCEAN AMBULATORY SURGERY CENTER) 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2170937	INACTIVE	NC	0	0	FOUNDATION HEALTH SYSTEMS
(15) EXCEL IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-4253946	INACTIVE	NC	0	0	FORSYTH MEMORIAL HOSPITAL
(16) SALEM MRI LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	FORSYTH MEMORIAL HOSPITAL
(17) THE BREAST CLINIC MRI LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	FORSYTH MEMORIAL HOSPITAL
(18) NOVANT ASSET MANAGEMENT LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-0705491	ASSET MGMT	NC	1,320,115	169,966	NOVANT HEALTH
(19) BRUNSWICK COMMUNITY HOSPITAL LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-4278130	HEALTHCARE	NC	76,624,861	119,771,495	NOVANT HEALTH TRIAD REGION

Form 990, Schedule R, Part I - Identification of Disregarded Entities

(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
(21) PRESBYTERIAN BREAST CENTER LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-0069792	HEALTHCARE	NC	3,517,116	1,689,490	PRESBYTERIAN AMBULATORY HOLDINGS
(1) PRESBYTERIAN IMAGING CENTERS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 72-1568954	HEALTHCARE	NC	5,337,633	2,676,492	PRESBYTERIAN AMBULATORY HOLDINGS
(2) PRESBYTERIAN ORTHOPAEDIC HOSPITAL LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2090263	HEALTHCARE	NC	117,904,614	77,996,455	NOVANT HEALTH
(3) PRESBYTERIAN SDS AT MONROE LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-3135267	HEALTHCARE	NC	157,388	251,562	PRESBYTERIAN AMBULATORY HOLDINGS
(4) PRESBYTERIAN SDS CENTER AT BALLANTYNE LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-3135052	HEALTHCARE	NC	3,689,171	1,538,945	PRESBYTERIAN AMBULATORY HOLDINGS
(5) PRESBYTERIAN SDS AT HUNTERSVILLE LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-2422926	HEALTHCARE	NC	8,442,385	3,851,537	PRESBYTERIAN AMBULATORY HOLDINGS
(6) NOVANT HEALTH SOUTHERN PIEDMONT REGION LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2120972	HOLDING COMPANY	NC	0	0	NOVANT HEALTH
(7) NOVANT HEALTH TRIAD REGION LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2120973	HOLDING COMPANY	NC	0	0	NOVANT HEALTH
(8) PRESBYTERIAN AMBULATORY HOLDINGS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-1705594	HOLDING COMPANY	NC	0	0	NOVANT HEALTH SOUTHERN PIEDMONT REGION
(9) PRESBYTERIAN DIAG CTR AT CABARRUS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 27-0295685	INACTIVE	NC	0	0	PRESBYTERIAN AMBULATORY HOLDINGS
(10) PRESBYTERIAN DIAG CTR AT LINCOLN LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	PRESBYTERIAN AMBULATORY HOLDINGS
(11) PRESBYTERIAN HOSPITAL HUNTERSVILLE LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-1102735	INACTIVE	NC	0	0	NOVANT HEALTH SOUTHERN PIEDMONT REGION
(12) PRESBYTERIAN HOSPITAL MINT HILL LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-0599536	INACTIVE	NC	0	0	NOVANT HEALTH SOUTHERN PIEDMONT REGION
(13) PRESBYTERIAN HOSPITAL YORK LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	NOVANT HEALTH SOUTHERN PIEDMONT REGION
(14) PRESBYTERIAN MOBILE IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-2935595	INACTIVE	NC	0	0	PRESBYTERIAN IMAGING CENTERS LLC
(15) SAME DAY SURGERY NEW HANOVER LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-2422923	INACTIVE	NC	0	0	NOVANT HEALTH TRIAD REGION
(16) NORTHSTATE IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 27-2873846	INACTIVE	NC	0	0	NOVANT HEALTH TRIAD REGION
(17) MOUNTAINVIEW IMAGING LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	NOVANT HEALTH TRIAD REGION
(18) HOLLY SPRINGS SURGERY CENTER LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	NOVANT HEALTH
(19) SAME DAY SURGERY CENTER FRANKLIN LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	NOVANT HEALTH

Form 990, Schedule R, Part I - Identification of Disregarded Entities

(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
(41) SAMEDAY SURGERY CENTER AT PRESBYTERIAN LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 68-0561430	INACTIVE	NC	0	0	PRESBYTERIAN AMBULATORY HOLDINGS
(1) HOLLY SPRINGS HOSPITAL II LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	NOVANT HEALTH
(2) NOVANT PROPERTIES LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 26-3378448	REAL ESTATE	NC	0	0	NOVANT HEALTH
(3) QUEEN CITY CONDOMINIUM LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0821961	RENTAL REAL ESTATE	NC	0	0	NOVANT HEALTH
(4) FORSYTH MEDICAL GROUP LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 31-1725913	HEALTHCARE	NC	35,212,378	22,899,297	NOVANT MEDICAL GROUP
(5) PRESBYTERIAN REGIONAL HEALTH CARE CORP LAB SVCS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2193249	INACTIVE	NC	0	0	NOVANT MEDICAL GROUP
(6) PRINCE WILLIAM HEALTH PHYSICIAN SERVICES LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-3199722	HEALTHCARE	VA	2,176,250	405,513	PRINCE WILLIAM HEALTH SYSTEM
(7) PRINCE WILLIAM HEALTH SYSTEM ASCMOB LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-3195704	HEALTHCARE	VA	506,453	10,461,441	PRINCE WILLIAM HEALTH SYSTEM
(8) PRINCE WILLIAM CARE SOLUTIONS LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 34-1685601	INACTIVE	VA	0	0	PRINCE WILLIAM HEALTH SYSTEM
(9) ROWAN COMMUNITY SERVICES LLC (DBA ROWAN ENDOSCOPY CENTER) 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 27-2991035	HEALTHCARE	NC	0	3,439	ROWAN REGIONAL MEDICAL CENTER
(10) ROWAN MEDICAL SERVICES LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	ROWAN REGIONAL MEDICAL CENTER
(11) ROWAN REGIONAL MEDICAL CENTER SOUTH LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	ROWAN REGIONAL MEDICAL CENTER
(12) ROWAN MRI LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	INACTIVE	NC	0	0	ROWAN REGIONAL MEDICAL CENTER
(13) NMG AFFILIATE PRACTICE I LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2084786	HEALTHCARE	NC	18,009,360	3,493,807	NMG SERVICES
(14) NMG SOUTHPARK SERVICES LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 45-0600400	HEALTHCARE	NC	1,870,659	147,679	NMG SERVICES

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) AUXILIARY OF FORSYTH MEMORIAL HOSPITAL  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0862112	HEALTHCARE	NC	501(C)(3)	LINE 9	FORSYTH MEMORIAL HOSPITAL INC	Yes	
(1) BRUNSWICK NOVANT MEDICAL CENTER FOUNDATION  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 27-4616751	HEALTHCARE	NC	501(C)(3)	LINE 7	BRUNSWICK COMMUNITY HOSPITAL LLC	Yes	
(2) CAROLINA MEDICORP ENTERPRISES INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 58-1466368	HEALTHCARE	NC	501(C)(3)	LINE 11B, II	NOVANT MEDICAL GROUP INC	Yes	
(3) COMMUNITY GENERAL HEALTH PARTNERS INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0636250	HEALTHCARE	NC	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION LLC	Yes	
(4) COMMUNITY GENERAL HOSPITAL FOUNDATION INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1828629	HEALTHCARE	NC	501(C)(3)	LINE 7	COMMUNITY GENERAL HEALTH PARTNERS INC	Yes	
(5) FORSYTH MEDICAL CENTER FOUNDATION  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2120959	HEALTHCARE	NC	501(C)(3)	LINE 7	FORSYTH MEMORIAL HOSPITAL INC	Yes	
(6) FORSYTH MEMORIAL HOSPITAL INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0928089	HEALTHCARE	NC	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION LLC	Yes	
(7) FOUNDATION HEALTH SYSTEMS CORP  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1373175	HEALTHCARE	NC	501(C)(3)	LINE 9	NOVANT HEALTH INC	Yes	
(8) MEDICAL PARK HOSPITAL INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1340424	HEALTHCARE	NC	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION LLC	Yes	
(9) NOVANT MEDICAL GROUP INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 58-1728803	HEALTHCARE	NC	501(C)(3)	LINE 3	NMG SERVICES INC	Yes	
(10) PERSONAL CARE SERVICES  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1291284	HEALTHCARE	VA	501(C)(3)	LINE 9	PRINCE WILLIAM HEALTH SYSTEM	Yes	
(11) THE PRESBYTERIAN HOSPITAL  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0554230	HEALTHCARE	NC	501(C)(3)	LINE 3	NOVANT HEALTH SOUTHERN PIEDMONT REGION LLC	Yes	
(12) PRESBYTERIAN HOSPITAL FOUNDATION  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 58-1413074	HEALTHCARE	NC	501(C)(3)	LINE 7	NOVANT HEALTH SOUTHERN PIEDMONT REGION LLC	Yes	
(13) PRESBYTERIAN MEDICAL CARE CORPORATION  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1376368	HEALTHCARE	NC	501(C)(3)	LINE 3	NOVANT HEALTH SOUTHERN PIEDMONT REGION LLC	Yes	
(14) PRINCE WILLIAM HEALTH SYSTEM  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1278944	HEALTHCARE	VA	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH INC	Yes	
(15) PWHS FOUNDATION  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1307595	HEALTHCARE	VA	501(C)(3)	LINE 7	PRINCE WILLIAM HEALTH SYSTEM	Yes	
(16) PRINCE WILLIAM HOSPITAL  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-0696355	HEALTHCARE	VA	501(C)(3)	LINE 3	PRINCE WILLIAM HEALTH SYSTEM	Yes	
(17) ROWAN HEALTH SERVICES CORP  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1424814	HEALTHCARE	NC	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH INC	Yes	
(18) NMG SERVICES INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2098809	HEALTHCARE	NC	501(C)(3)	LINE 9	NOVANT HEALTH INC	Yes	
(19) ROWAN REGIONAL MEDICAL CENTER AUXILIARY  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 23-7022472	HEALTHCARE	NC	501(C)(3)	LINE 9	ROWAN REGIONAL MEDICAL CENTER INC	Yes	



Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(21) ROWAN REGIONAL MEDICAL CENTER FOUNDATION INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1424818	HEALTHCARE	NC	501(C)(3)	LINE 7	ROWAN REGIONAL MEDICAL CENTER INC	Yes	
(1) ROWAN REGIONAL MEDICAL CENTER INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-0547479	HEALTHCARE	NC	501(C)(3)	LINE 3	ROWAN HEALTH SERVICES CORP	Yes	
(2) SELF INSURANCE FUND - NOVANT HEALTH INC  2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 58-1867242	HEALTHCARE	NC	501(C)(3)	LINE 11C, III-FI	NOVANT HEALTH INC	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
COMMUNICARE INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1952950	RENTAL REAL ESTATE	NC	COMMUNITY GENERAL HEALTH PARTNERS	C		981,752	100 000 %	Yes	
CHOICEHEALTH INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1896065	MANAGED CARE	NC	NOVANT HEALTH	C	386,609	129,092	100 000 %	Yes	
NOVANT HEALTH SHARED SERVICES INC (FKA ADEPT HEALTH INC) 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2226937	ADMIN SVCS	NC	NOVANT HEALTH	C			100 000 %	Yes	
SALEM HEALTH SERVICES INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1342654	HEALTH RELATED	NC	NOVANT HEALTH TRIAD REGION	C	160,000	8,436,582	100 000 %	Yes	
SALEM DIAGNOSTICS INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1513621	HEALTH RELATED	NC	SALEM HEALTH SERVICES	C			100 000 %	Yes	
MEDQUEST ASSOCIATES INC 3480 PRESTON RIDGE RD STE 600 ALPHARETTA, GA 30005 22-3860764	DIAGNOSTIC IMAGING	DE	NOVANT HEALTH	C	138,085,298	146,884,563	100 000 %	Yes	
TRINOVA INSURANCE LTD 58 PAR LA VILLE ROAD PO BOX 1995 HAMILTON, BERMUDA HMHX BD 98-0615601	INSURANCE	BD	NOVANT HEALTH	C	1,237,714	12,476,837	100 000 %	Yes	
PRESBYTERIAN WOMEN'S CARE CORP 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-2217545	HEALTHCARE	NC	NOVANT MEDICAL GROUP	C	7,855,982		100 000 %	Yes	
NOVANT HEALTH RISK RETENTION GROUP INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 20-3382230	INSURANCE	SC	NOVANT MEDICAL GROUP	C	1,658,923	7,815,875	100 000 %	Yes	
ROWAN MEDICAL FACILITIES INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1424672	MEDICAL SUPPLIES	NC	ROWAN HEALTH SERVICES CORP	C	649,383	618,950	100 000 %	Yes	
ROWAN MEDICAL ALLIANCE INC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 56-1992669	INSURANCE	NC	ROWAN REGIONAL MEDICAL CENTER	C		69,707	100 000 %	Yes	
FISCAL CORP LTD 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1282069	HEALTH RELATED	VA	PRINCE WILLIAM HEALTH SYSTEM	C	12	921,100	100 000 %	Yes	
PRINCE WILLIAM FAMILY HEALTHCARE 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1748199	HEALTH RELATED	VA	FISCAL CORP LTD	C			100 000 %	Yes	
PRINCE WILLIAM MEDICAL SUPPLY 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 54-1307554	HEALTH RELATED	VA	FISCAL CORP LTD	C			100 000 %	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MEDQUEST	A	12,709,291	COST
NOVANT HEALTH RISK RETENTION GROUP INC	A	211,350	COST
FOUNDATION HEALTH SYSTEMS	A	27,549	COST
FORSYTH MEMORIAL HOSPITAL	A	10,614,094	COST
NOVANT MEDICAL GROUP	A	5,051,044	COST
THE PRESBYTERIAN HOSPITAL	A	919,277	COST
PRESBYTERIAN MEDICAL CARE CORP	A	72,219	COST
ROWAN REGIONAL MEDICAL CENTER FOUNDATION	B	105,000	COST
SELF-INSURANCE FUND - NOVANT HEALTH	B	6,784,506	COST
COMMUNITY GENERAL HEALTH PARTNERS	P	18,032,194	COST
COMMUNITY GENERAL HEALTH FOUNDATION	P	98,870	COST
NOVANT HEALTH SHARED SERVICES (FKA ADEPT HEALTH)	P	268,488	COST
CAROLINA MEDICORP ENTERPRISES	P	3,667,674	COST
FOUNDATION HEALTH SYSTEMS	P	20,315,782	COST
AUXILIARY OF FORSYTH MEDICAL CENTER	P	1,014,402	COST
FORSYTH MEDICAL CENTER FOUNDATION	P	1,198,754	COST
FORSYTH MEMORIAL HOSPITAL	P	301,871,760	COST
MEDICAL PARK HOSPITAL	P	19,107,834	COST
NOVANT MEDICAL GROUP	P	107,991,161	COST
PERSONAL CARE SERVICES	P	1,396,129	COST
THE PRESBYTERIAN HOSPITAL	P	281,450,127	COST
PRESBYTERIAN HOSPITAL FOUNDATION	P	2,439,041	COST
PRESBYTERIAN MEDICAL CARE CORP	P	49,369,404	COST
PROVIDENCE ROAD LAND PARTNERS	P	1,489,460	COST
PRINCE WILLIAM AMBULATORY SURGERY CENTER	P	7,245,370	COST

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
PRESBYTERIAN WOMENS CARE CORP	P	1,787,212	COST
PRINCE WILLIAM HOSPITAL	P	130,832,232	COST
PRINCE WILLIAM HEALTH SYSTEM	P	6,916,513	COST
PRINCE WILLIAM HEALTH SYSTEM FOUNDATION	P	242,336	COST
ROWAN HEALTH SERVICES	P	459,021	COST
ROWAN MEDICAL FACILITIES	P	2,357,180	COST
ROWAN REGIONAL MEDICAL CENTER	P	61,821,546	COST
ROWAN REGIONAL MEDICAL CENTER FOUNDATION	P	473,732	COST
NMG SERVICES	P	15,132,523	COST
SOUTH PARK SURGERY CENTER	P	5,422,100	COST
MEDQUEST	D	227,618,727	COST
FOUNDATION HEALTH SYSTEMS	D	184,700,000	COST
FOUNDATION HEALTH SYSTEMS	A	10,210,527	COST
CAROLINA MEDICORP ENTERPRISES	A	293,752	COST
COMMUNITY GENERAL HEALTH PARTNERS	A	12,796	COST
NOVANT HEALTH RISK RETENTION GROUP INC	D	2,514,920	COST
PRESBYTERIAN WOMENS CARE CORP	R	5,206,268	COST
HAYMARKET SURGERY CENTER LLC	P	1,141,191	COST
FOUNDATION HEALTH SYSTEMS	R	373,826	COST
FORSYTH MEDICAL CENTER FOUNDATION	C	64,573	CASH
PRESBYTERIAN HOSPITAL FOUNDATION	C	145,000	CASH

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2013 Functional Currency and Exchange Rate QBU Statement

Name: NOVANT HEALTH INC

EIN: 56-1376950

QBU Id	Country of Operation	Functional Currency
U.S.DOLLAR		1

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2013 Functional Currency and Exchange Rate QBU Statement

Name: NOVANT HEALTH INC

EIN: 56-1376950

QBU Id	Country of Operation	Functional Currency
U.S.DOLLAR		1

# **Novant Health, Inc. and Affiliates**

**Consolidated Financial Statements  
December 31, 2013 and 2012**

# **Novant Health, Inc. and Affiliates**

## **Index**

**December 31, 2013 and 2012**

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## **Independent Auditor's Report**

To the Board of Trustees of  
Novant Health, Inc.

We have audited the accompanying consolidated financial statements of Novant Health, Inc. and Affiliates (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the consolidated 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 consolidated financial statements are free from material misstatement.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Novant Health, Inc. and Affiliates at December 31, 2013 and 2012, and the results of their operations, their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

March 28, 2014

PricewaterhouseCoopers LLP, 800 Green Valley Road, Suite 500, Greensboro, NC 27408  
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**Novant Health, Inc. and Affiliates**  
**Consolidated Balance Sheets**  
**December 31, 2013 and 2012**

*(in thousands of dollars)*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 249,182	\$ 276,637
Accounts receivable, net of allowance for doubtful accounts of \$190,802 in 2013 and \$197,913 in 2012	408,375	390,180
Short-term investments	325,205	308,696
Current portion of assets limited as to use	41,646	23,851
Deferred tax asset	5,765	3,728
Receivable for settlement with third-party payors	9,649	12,599
Other current assets	141,509	141,527
Total current assets	1,181,331	1,157,218
Assets limited as to use	57,471	81,394
Long-term investments	1,680,766	1,192,288
Property and equipment, net	1,818,341	1,656,968
Intangible assets and goodwill, net	348,552	389,782
Investments in affiliates	158,278	162,145
Deferred tax asset	-	2,945
Other assets	83,875	51,114
Total assets	\$ 5,328,614	\$ 4,693,854
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current portion of long-term debt	\$ 157,490	\$ 78,423
Short-term borrowings	84,965	124,071
Accounts payable	125,432	134,163
Accrued liabilities	351,422	333,305
Estimated third-party payor settlements	20,284	26,453
Total current liabilities	739,593	696,415
Long-term debt, net of current portion	1,771,028	1,472,993
Deferred tax liability	1,049	-
Derivative financial instruments	40,782	71,778
Employee benefits and other liabilities	217,769	289,545
Total liabilities	2,770,221	2,530,731
Commitments and contingencies		
Net assets		
Unrestricted - attributable to Novant	2,499,333	2,116,534
Unrestricted - noncontrolling interests	11,464	9,737
Total unrestricted net assets	2,510,797	2,126,271
Temporarily restricted	36,784	26,953
Permanently restricted	10,812	9,899
Total net assets	2,558,393	2,163,123
Total liabilities and net assets	\$ 5,328,614	\$ 4,693,854

The accompanying notes are an integral part of these consolidated financial statements

**Novant Health, Inc. and Affiliates**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2013 and 2012**

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*(in thousands of dollars)*

	2013	2012
<b>Operating revenues</b>		
Patient service revenues (net of contractual allowances and discounts)	\$ 3,609,945	\$ 3,576,979
Provision for bad debts	(182,976)	(179,524)
Net patient service revenues less provision for bad debts	3,426,969	3,397,455
Premium revenue	3,959	5,452
Other revenue	161,767	152,366
Total operating revenues	3,592,695	3,555,273
<b>Operating expenses</b>		
Salaries and employee benefits	1,924,394	1,832,776
Supplies and other	1,270,710	1,250,379
Depreciation expense	166,587	181,870
Amortization expense	6,716	6,719
Impairment charge	36,321	18,388
Interest expense	78,161	80,413
Total operating expenses	3,482,889	3,370,545
Operating income	109,806	184,728
<b>Non-operating income (expense)</b>		
Investment income	166,958	108,838
Unrealized gain on non-hedged derivative financial instruments	305	207
Income tax expense	(2,529)	(8,967)
Other, net	(366)	(3,280)
Loss on extinguishment of debt	(1,207)	(7,936)
Excess of revenues over expenses	\$ 272,967	\$ 273,590

*Continued on following page*

The accompanying notes are an integral part of these consolidated financial statements

**Novant Health, Inc. and Affiliates**  
**Consolidated Statements of Operations and Changes in Net Assets, continued**  
**Years Ended December 31, 2013 and 2012**

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*(in thousands of dollars)*

	2013	2012
<b>Unrestricted net assets</b>		
Excess of revenues over expenses	\$ 272,967	\$ 273,590
Change in funded status of defined benefit plans	86,127	11,039
Unrealized gain on derivative financial instruments	25,261	2,078
Other changes in unrestricted net assets	<u>171</u>	<u>(1,968)</u>
Increase in unrestricted net assets, before effects of discontinued operations	384,526	284,739
<b>Discontinued operations</b>		
Loss on discontinued operations	-	(2,840)
Gain on sale of discontinued operations	<u>-</u>	<u>1,721</u>
Increase in unrestricted net assets	<u>384,526</u>	<u>283,620</u>
<b>Temporarily restricted net assets</b>		
Contributions and investment income	16,659	6,768
Net assets released from restrictions for operations	<u>(6,828)</u>	<u>(5,558)</u>
Increase in temporarily restricted net assets	<u>9,831</u>	<u>1,210</u>
<b>Permanently restricted net assets</b>		
Contributions	<u>913</u>	<u>1,003</u>
Increase in permanently restricted net assets	<u>913</u>	<u>1,003</u>
Increase in total net assets	395,270	285,833
Net assets, beginning of year	<u>2,163,123</u>	<u>1,877,290</u>
Net assets, end of year	<u>\$ 2,558,393</u>	<u>\$ 2,163,123</u>

The accompanying notes are an integral part of these consolidated financial statements

**Novant Health, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows, continued**  
**Years Ended December 31, 2013 and 2012**

(in thousands of dollars)

	2013	2012
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 395,270	\$ 285,833
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	175,885	192,748
Gain on sale of real estate	(4,736)	(4,693)
Gain on sale of business	-	(7,998)
Impairment charge	36,321	18,388
Loss on extinguishment of debt	1,207	7,936
Loss on sale of investment	296	3,167
Gain on sale of discontinued operations	-	(1,721)
Change in funded status of defined benefit plans	(86,127)	(11,039)
Share of earnings in affiliates, net of distributions	2,936	263
Net unrealized gains on assets limited as to use and investments	(113,972)	(74,952)
Change in fair value of interest rate swap	(30,996)	(32)
Provision for bad debts	182,976	179,524
Contributions restricted for capital and long-term investment	(11,600)	(2,411)
Changes in operating assets and liabilities		
Accounts receivable	(201,171)	(176,493)
Investments and assets limited as to use	(368,897)	(159,093)
Accounts payable and accrued liabilities	7,903	37,404
Deferred taxes, net	1,957	4,307
Other assets and liabilities, net	(29,737)	(47,829)
Net cash provided by (used in) operating activities	(42,485)	243,309
<b>Cash flows from investing activities</b>		
Capital expenditures	(350,484)	(242,799)
Proceeds from sale of affiliates	635	11,324
Proceeds from sale of property and equipment	5,904	2,882
Cash proceeds from (payments for) repurchase agreements, net	(4,859)	8,729
Net proceeds from the liquidation (purchase) of short-term investments	(3,210)	6,895
Net cash used in investing activities	(352,014)	(212,969)
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(31,771)	(32,175)
Bond proceeds received from trustee	173,950	13,827
Proceeds from issuance of bonds, net of deferred issuance costs	247,920	-
Proceeds from sale of accounts receivable, net	31,241	4,821
Extinguishment of debt	(57,161)	(83,154)
Proceeds from contributions restricted for capital and long-term investment	2,786	1,983
Proceeds from line of credit and other financing	79	39,287
Net cash provided by (used in) financing activities	367,044	(55,411)
Net decrease in cash and cash equivalents	(27,455)	(25,071)
<b>Cash and cash equivalents</b>		
Beginning of year	276,637	301,708
End of year	\$ 249,182	\$ 276,637

The accompanying notes are an integral part of these consolidated financial statements

**Novant Health, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows, continued**  
**Years Ended December 31, 2013 and 2012**

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*(in thousands of dollars)*

	2013	2012
<b>Supplemental disclosure of cash flow information</b>		
Interest paid, net of amounts capitalized	\$ 83,702	\$ 80,724
Income taxes paid	2,172	3,956
<b>Supplemental disclosure of noncash financing and investing activities</b>		
Additions to property and equipment financed through current liabilities	21,294	19,880

During 2013, the Company refunded the Novant Health Prince William Medical Center Series 2002 bonds and partially refunded the series 2003A bonds. The following amounts were noncash investing and financing activities related to this transaction:

Face value of Series 2013 A and B bonds	\$ 298,765
Premium received on issuance of 2013 bonds	16,368
Debt service funds used	6,817
Bond proceeds deposited with trustee	(197,153)
Extinguishment of 2002 Hospital Revenue bonds	(64,570)
Extinguishment of Series 2003A bonds	(24,720)
Repayment of line of credit	(32,912)
Debt issuance costs	(2,595)
Proceeds from issuance of Series 2013 A and B bonds	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

#### **1. Reporting Entity**

Novant Health, Inc. ("Novant Health" or the "Company") is a nonprofit health care system with dual headquarters in Winston-Salem and Charlotte, North Carolina. Novant Health consists of fourteen hospitals and a 1,141-physician medical group with over 340 clinic locations. Other facilities and programs of Novant Health include outpatient surgery and diagnostic centers, a long-term care facility, charitable foundations, a risk retention group, rehabilitation programs and community health outreach programs. Hospitals include Novant Health Presbyterian Medical Center, Novant Health Charlotte Orthopedic Hospital, Novant Health Huntersville Medical Center, Novant Health Gaffney Medical Center, Novant Health Matthews Medical Center, Novant Health Forsyth Medical Center, Novant Health Medical Park Hospital, Novant Health Kernersville Medical Center, Novant Health Clemmons Medical Center, Novant Health Thomasville Medical Center, Novant Health Rowan Medical Center, Novant Health Brunswick Medical Center, Novant Health Franklin Medical Center and Novant Health Prince William Medical Center. Novant Health and its affiliates serve their communities with programs including health education, home health care, prenatal clinics, community clinics and immunization services.

#### **2. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

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

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of all affiliates controlled by Novant Health. All significant intercompany transactions and balances have been eliminated. Investments in affiliates in which the Company does not have control or has a 50% or less interest are accounted for by either the equity or cost method.

##### **Use of Estimates**

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

Significant estimates include, but are not limited to, accounts receivable allowances, third-party payor settlements, goodwill and intangible asset valuation and subsequent recoverability, useful lives of intangible assets and property and equipment, medical and professional liability and other self-insurance accruals, and pension related assumptions.

##### **Fair Value of Financial Instruments**

The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheets for cash and cash equivalents, investments other than alternatives, assets limited as to use, patient accounts receivable, accounts payable and interest rate swaps. More information can be found in Note 8, Fair Value Measurements.

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

#### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding amounts limited as to use by board designation, donors or trustees

#### **Accounts Receivable**

Accounts receivable consist primarily of amounts owed by various governmental agencies, insurance companies and patients. Novant Health manages these receivables by regularly reviewing the accounts and contracts and by providing appropriate allowances for uncollectible amounts. In evaluating the collectability of accounts receivable from third party payors, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for anticipated uncollectible deductibles and copayments on accounts for which the third party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). In evaluating the collectability of accounts receivable from patients (including both patients without insurance and patients with deductible and copayment balances due for which third party coverage exists), Novant Health considers several factors, including historical collection results, the age of the accounts, changes in collection patterns and general industry conditions. Novant Health records a provision for bad debts in the period of service based on the analysis and consideration of these factors. Once collection efforts are complete, any difference between the amount charged and the amount collected is written off against the allowance for doubtful accounts.

#### **Other Current Assets**

Other current assets include inventories (which primarily consist of hospital and medical supplies and pharmaceuticals), prepaid expenses and other receivables. Inventory costs are determined using the average cost method and are stated at the lower of cost or market value.

#### **Investments**

Investments are classified as trading securities. Accordingly, unrealized gains and losses on investments are included in excess of revenues over expenses, unless the income or loss is restricted by donor or law. Long-term investments are classified as noncurrent assets as the Company does not expect to use these funds to meet its current liabilities.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. The Company also invests in alternative investments through limited partnerships and limited liability corporations ("LLCs"). These investments are recorded using the equity method of accounting (which approximates fair value) with the related earnings reported as investment income in the accompanying consolidated financial statements. The values provided by the respective partnership or LLC are based on market value or other estimates that require varying degrees of judgment. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such investments existed. Such differences could be material. The Company believes the carrying amount of these investments is a reasonable estimate of fair value.



# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the investment balances included in the financial statements.

#### **Assets Limited as to Use**

Assets limited as to use primarily include assets held by trustees under indenture agreements and assets designated for specific purposes by the Board of Trustees.

#### **Derivatives**

The Company selectively enters into interest rate protection agreements to mitigate changes in interest rates on variable rate borrowings. The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. None of these agreements are used for speculative or trading purposes.

Derivatives are recognized on the balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. The Company formally documents the hedging relationships at inception of the contract for derivative transactions, including identifying the hedge instruments and hedged items, as well as the risk management objectives and strategies for entering into the hedge transaction. At inception and on a quarterly basis thereafter, the Company assesses the effectiveness of derivatives used to hedge transactions. If a cash flow hedge is deemed effective, the change in fair value is recorded as an other change in unrestricted net assets. If after assessment it is determined that a portion of the derivative is ineffective, then that portion of the derivative's change in fair value will be immediately recognized in excess of revenues over expenses. The change in fair value of all derivatives that do not qualify for hedge accounting is also recognized in excess of revenues over expenses.

#### **Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the life of the lease or the useful life of the asset, whichever is shorter.

Following is a summary of the estimated useful lives used in computing depreciation:

Buildings	30–40 years
Machinery and equipment	3–15 years
Software	3–10 years
Furniture and fixtures	7–14 years

Certain facilities and equipment held under capital leases are classified as property and equipment and amortized on the straight-line method over the period of the lease term or the estimated useful life of the asset, whichever is shorter. The related obligations are recorded as liabilities. Amortization of equipment under capital lease is included in depreciation expense.

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

The Company also capitalizes the cost of software developed for internal use

Maintenance and repairs of property and equipment are expensed in the period incurred. Replacements or improvements that increase the estimated useful life of an asset are capitalized. Assets that are sold, retired or otherwise disposed of are removed from the respective asset cost and accumulated depreciation accounts and any gain or loss is included in the results of operations.

Operating leases are accounted for in accordance with generally accepted accounting principles ("GAAP"), which requires the recognition of fixed rental payments, including rent escalations, on a straight-line basis over the term of the lease.

Under the terms of the 1984 deed in which the Forsyth County Board of County Commissioners conveyed the assets of Forsyth Memorial Hospital (the "Hospital") to Novant Health, Novant Health is required to operate the Hospital as a community general hospital open to the general public, and if Novant Health is dissolved, a successor nonprofit corporation approved by the Forsyth County Board of County Commissioners must carry out the terms and conditions of this conveyance. If these terms are not met, all ownership rights to the Hospital shall revert to the County, including the buildings and land together with the personal property and equipment associated with the Hospital with a net book value of approximately \$271,929 at December 31, 2013.

Gifts of long-lived assets such as land, buildings, or equipment are excluded from the excess of revenues over expenses and are reported as unrestricted support 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 in service.

#### **Goodwill and Other Intangible Assets**

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. Intangible assets generally represent the acquisition date fair value of certain rights or relationships obtained in such business acquisitions.

The Company considers certificates of need, which are required by certain states prior to the acquisition of high cost capital items, to be indefinite-lived intangible assets. The Company also has intangible assets with identifiable useful lives related to business acquisitions. These assets include business relationships and corporate trade names. In accordance with GAAP, the Company amortizes the cost of these intangible assets with identifiable useful lives down to their estimated residual value.

Following is a summary of the estimated useful lives used in computing amortization:

Business relationships	26 years
Corporate trade name	29 years

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

On an annual basis, Novant Health tests goodwill and indefinite-lived assets for impairment. In 2012, Novant Health elected to early adopt ASU 2012-2, *Testing Indefinite-Lived Intangible Assets for Impairment*. This guidance provides the option to perform a qualitative assessment of whether it is more likely than not that the indefinite-lived asset is impaired. If it is more likely than not that the indefinite-lived asset is impaired, additional testing for impairment is required. GAAP prescribes that impairment for indefinite-lived intangibles is evaluated by comparing the fair value of the asset with its carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized as the amount of that excess.

Impairment tests are performed at the reporting unit level for units that have goodwill. GAAP provides the option to perform a qualitative assessment of whether it is more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit. If it is more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit, additional impairment testing is not required. If it is more likely than not that the carrying value of the reporting unit exceeds the fair value of the reporting unit, additional testing for impairment is required. GAAP prescribes a two-step process for testing for goodwill impairments after applying the qualitative assessment. The first step is to determine if the carrying value of the reporting unit with goodwill is less than the related fair value of the reporting unit. The fair value of the reporting unit is determined through use of discounted cash flow methods and/or market based multiples of earnings and sales methods. If the carrying value of the reporting unit is less than the fair value of the reporting unit, the goodwill is not considered impaired. If the carrying value is greater than the fair value, the potential for impairment of goodwill exists. The goodwill impairment is determined by allocating the current fair value of the reporting unit among the assets and liabilities based on a purchase price allocation methodology as if the reporting unit was being acquired in a business combination. The fair value of the goodwill is implied from this allocation and compared to the carrying value with an impairment loss recognized if the carrying value is greater than the implied fair value.

#### **Investments in Affiliates**

Investments in entities which Novant Health does not control, but in which it has a substantial ownership interest and can exercise significant influence, are accounted for using the equity method. Investments in entities of 20% or less and where there are no qualitative indicators of significant influence are accounted for using the cost method.

#### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. The earnings on permanently restricted net assets are available for use as specified by the donors. The Company's temporarily restricted and permanently restricted net assets are predominantly held by related foundations for various hospital service costs and community health programs.

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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(in thousands of dollars)

#### Contributions Received

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the condition is met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions, which is included in other operating revenue. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

#### Statement of Operations

All activities of Novant Health deemed by management to be ongoing, major and central to the provision of healthcare services are reported as operating revenue and expenses. Other activities are deemed to be non-operating and include investment income, change in fair value of non-hedged derivative financial instruments, income tax expense and loss on extinguishment of debt.

Novant Health receives supplemental Medicaid payments from the state of North Carolina through a federally approved disproportionate share program ("Medicaid DSH"). During 2012, the federal government approved an amendment to the Medicaid DSH plan. This amendment, referred to as the Medicaid Gap Assessment Program ("GAP"), provides a new funding model whereby hospitals are assessed an amount based on a percentage of their costs and are then paid supplemental amounts in an effort to reduce Medicaid losses. The amendment was retroactive to January 1, 2011. Novant Health records GAP payments received as net patient service revenue and GAP assessments paid as other operating expense on the consolidated statements of operations. These supplemental payments are recognized in income when earned, if reasonably estimable and deemed collectible. There can be no assurance that this program will not be discontinued or materially modified. During 2013, Novant Health received \$121,124 and paid \$51,600 for the GAP program. During 2012, Novant Health received and paid the following amounts for the GAP program, all of which were recognized as either reductions in contractual expense or increases in other operating expenses in 2012.

	Received (Paid) in 2012		
	Related to 2012	Related to 2011	Total
Payments received	\$ 83,236	\$ 94,181	\$ 177,417
Assessments paid	(36,366)	(44,140)	(80,506)
Net amounts received	\$ 46,870	\$ 50,041	\$ 96,911

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses include changes in funded status of defined benefit plans, unrealized gains on derivative financial instruments that apply hedge accounting and the effects of discontinued operations.

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

#### **Income Taxes**

Novant Health is classified as a nonprofit organization pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on revenue earned from its tax-exempt purposes. Novant Health also operates various for-profit subsidiaries which operate in service lines that are complimentary to the Company's tax-exempt purpose. Income from activities that are determined by IRS regulations to be unrelated to the tax-exempt purposes as well as income from activities of for-profit subsidiaries of the Company are subject to federal and state taxation.

The Company provides for income taxes using the asset and liability method. This approach recognizes the amount of federal, state and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates.

A valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

#### **Other Assets**

Other assets consist of notes and pledges receivable, deferred financing costs, insurance receivables and the cash surrender value of insurance policies. Deferred financing costs are amortized using the effective interest method over the life of the related debt agreements and instruments.

#### **Compensated Absences**

The Company's employees earn vacation days at varying rates depending on years of service. Vacation time accumulates up to certain limits, at which time no additional vacation hours can be earned. Provided this hourly limit is not met, employees can continue to accumulate vacation hours and time can be carried over to future years. Accrued vacation time is included in accrued liabilities on the Company's consolidated balance sheets.

#### **Self-Insurance Reserves**

The Company is self-insured for certain employee health benefit options, workers' compensation and malpractice. These costs are accounted for on an accrual basis to include estimates of future payments for claims incurred.

#### **Reclassifications**

Certain balances in prior fiscal years have been reclassified to conform to the presentation adopted in the current fiscal year.

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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(in thousands of dollars)

### 3. Organizational Changes

#### Discontinued Operations

During 2010, the Company made the decision to close or sell certain of its MedQuest outpatient imaging locations to unrelated third parties. This decision was the result of management's efforts to more closely align the geographic locations of MedQuest facilities with the Company's long-term business plans. During 2012, four MedQuest locations were divested. In addition to these divestitures, the Company sold the operations of one of its long-term care facilities in 2012. At December 31, 2013 and 2012 there are no locations remaining in discontinued operations. In accordance with GAAP, the operating results related to these locations have been reported as discontinued operations in the consolidated statements of operations and changes in net assets. The amounts of revenue and operating income that have been reported in discontinued operations are as follows:

	2013	2012
Net operating revenue	\$ -	\$ 10,456
Operating loss	-	(1,119)

### 4. Net Patient Service Revenue

Net patient service revenue is presented net of provisions for contractual adjustments and other allowances. Novant Health has agreements with third-party payors that provide for payments at amounts different from its established rates. Retroactive adjustments are accrued on an estimated basis in the period the related service is rendered and adjusted in future periods as final settlements are determined. For uninsured patients that do not qualify for charity care, Novant Health recognizes revenue on the basis of its standard rates for services provided, less discounts for uninsured patients as provided by the Company's financial assistance policies. Based on historical experience, many of the Company's uninsured patients will be unable or unwilling to pay for the services provided. As a result, Novant Health records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2013	2012
Third-Party payors	\$ 3,532,529	\$ 3,520,600
Self Pay	77,416	56,379
Total	<u>\$ 3,609,945</u>	<u>\$ 3,576,979</u>

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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*(in thousands of dollars)*

A summary of the payment arrangements with major third-party payors follows

#### **Medicare and Medicaid**

Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per diagnosis. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to beneficiaries are paid based on a cost reimbursement methodology. Outpatient services are paid at a prospectively determined rate. Novant Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Novant Health and audits thereof by the fiscal intermediary. The Company's cost reports have been audited and settled by the Medicare intermediary through 2009 for all facilities. Medicaid cost reports are finalized through 2010 for Novant Health Prince William Medical Center, Novant Health Gaffney Medical Center and Novant Health Franklin Medical Center, and through 2009 for all other facilities. In addition, 2011 cost reports have been settled for all facilities. The Novant Health Prince William Medical Center Medicaid cost report is also settled for 2012.

Revenue from the Medicare and Medicaid programs accounted for approximately 33.5% and 6.5%, respectively, of Novant's net patient service revenue for the year ended 2013, and 33.2% and 7.1%, respectively for the year ended 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term.

In July 2010, the Department of Health and Human Services published final regulations implementing the health information technology provisions of the American Recovery and Reinvestment Act. The regulation defines the "meaningful use" of Electronic Health Records ("EHR") and established the requirements for the Medicare and Medicaid EHR payment incentive programs. These programs allow Medicare and Medicaid incentive payments to be paid to eligible hospitals, physicians, and certain other health professionals that implement and achieve meaningful use of certified EHR technology. The implementation period for these new Medicare and Medicaid incentive payments started in federal fiscal year 2011 and can end as late as 2016 for Medicare and 2021 for the state Medicaid programs. Novant Health recognizes income related to Medicare and Medicaid incentive payments using a gain contingency model that is based upon when our eligible providers and hospitals have demonstrated meaningful use of certified EHR technology for the applicable period, and, if applicable, the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available. During 2013 and 2012, Novant Health recognized \$9,800 and \$7,123, respectively, of revenue related to EHR funds. These amounts are included in other revenue in the accompanying consolidated statements of operations. This amount represents amounts that were received and/or amounts for which Novant Health has successfully met meaningful use criteria. Included in the Company's consolidated balance sheets at December 31, 2013 and 2012 are receivables related to EHR funds of \$8,075 and \$5,500, respectively.

# **Novant Health, Inc. and Affiliates**

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#### **Other Payors**

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

Payments for services covered by these programs and certain other third-party payor contracts are generally less than billed charges. Provisions for contractual adjustments including Medicare, Medicaid, and managed care total approximately \$4,756,444 (or 54%) and \$4,369,454 (or 53%) of 2013 and 2012 gross patient service revenue, respectively.

The allowance for doubtful accounts is determined based on management's assessment of historical and expected net collections, business and economic conditions, the age of the accounts, trends in federal and state governmental health care coverage and other collection indicators. The Company's self pay write-offs were \$583,854 in 2013 compared to \$548,934 in 2012. The increase is the result of increases in self pay revenue as well as negative trends experienced in the collection of amounts from self pay patients during 2013. Novant Health has not changed its charity care or uninsured discount policies during 2012 or 2013. Novant Health does not maintain a material allowance for doubtful accounts from third party payors, nor did it have significant write-offs from third party payors.

Novant Health has a program of factoring certain patient receivables with recourse to a third party. Novant Health is obligated to repurchase factored receivables upon occurrence of certain conditions of the program. Accordingly, Novant Health accounts for the factoring as a secured borrowing. The factored receivables are recorded at their estimated net realizable value and are shown as other assets in the consolidated balance sheets. An offsetting liability, representing Novant Health's potential recourse for these receivables, is part of employee benefits and other liabilities in the consolidated balance sheets. As of December 31, 2013, the factored notes and the related liabilities were \$17,127 and \$24,809, respectively. As of December 31, 2012, the factored notes and the related liabilities were \$880 and \$4,821, respectively.



# **Novant Health, Inc. and Affiliates**

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#### **5. Charity Care and Community Benefit**

In accordance with Novant Health's mission to improve the health of its communities one person at a time, Novant Health facilities accept patients regardless of their ability to pay. At acute facilities, uninsured patients qualify for a full write-off of their bills if their household income is at or below 300% of the federal poverty level. Novant Health also offers a catastrophic discount for patients with an account balance greater than \$5, flexible payment plans, and discounts for uninsured patients who do not qualify for the charity care program. In addition to these programs for hospitals, Novant Health physician groups and outpatient centers also have charity care programs to assist patients in need. The Company's approximate cost of providing care to indigent patients was \$129,229 and \$123,475 for the years ended December 31, 2013 and 2012, respectively. Novant Health estimates the costs of providing traditional charity care using each facility's estimated ratio of costs to charges. Funds received from gifts or grants to subsidize charity services provided were \$1,384 and \$700 for the years ended December 31, 2013 and 2012, respectively.

In addition to providing charity care to uninsured patients, Novant Health also provides services to beneficiaries of public programs and various other community health services intended to improve the health of the communities in which the Company operates. Novant Health uses the following four categories to identify the resources utilized for the care of persons who are underserved and for providing community benefit programs to the needy:

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and who are uninsured.
- Unpaid cost of Medicare represents the unpaid cost of services provided to persons through the government program for individuals age 65 and older as well as those that qualify for federal disability benefits.
- Unpaid cost of Medicaid represents the unpaid cost of services provided to persons covered by the government program for medically indigent patients.
- Community benefit programs consist of the unreimbursed costs of certain programs and services for the general community, mainly for indigent patients but also for people with chronic health risks. Examples of these programs include health promotion and education, free clinics and screenings, and other community services.

The amount of unpaid cost of Medicare, Medicaid, and other community benefit programs is reported on page 48 in the accompanying other financial information.

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**6. Other Current Assets**

Other current assets consist of the following at December 31

	2013	2012
Inventory	\$ 64,327	\$ 57,763
Prepays	35,994	31,812
Other receivables	41,188	51,952
	<u>\$ 141,509</u>	<u>\$ 141,527</u>

**7. Assets Limited as to Use and Investments**

**Short-Term Investments**

Novant Health holds certain investments that are short-term in nature and have maturity dates ranging from three to twelve months. Short-term investments consist of the following at December 31

	2013	2012
Certificates of deposit	\$ 5,209	\$ 2,200
Fixed income securities	319,996	306,496
	<u>\$ 325,205</u>	<u>\$ 308,696</u>

**Assets Limited as to Use**

The designation of assets limited as to use is as follows

	2013		2012	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
Under indenture agreement held by trustee	\$ 28,250	\$ -	\$ 9,397	\$ 7,275
Under general and professional liability funding arrangement held by trustee	13,202	39,918	7,631	46,193
Designated by board to service benefit plans	194	7,504	6,823	17,277
Restricted by bank agreements	-	10,049	-	10,649
	<u>\$ 41,646</u>	<u>\$ 57,471</u>	<u>\$ 23,851</u>	<u>\$ 81,394</u>

Assets limited as to use are invested primarily in cash and cash equivalents and corporate, U S government and U S agency debt obligations

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**Long-Term Investments**

Investments are reported at either fair value or on the equity or cost methods of accounting. The composition of long-term investments is as follows:

	<b>December 31, 2013</b>			
	<b>At Fair Value</b>	<b>On Equity Method</b>	<b>On Cost Method</b>	<b>Total</b>
Cash and cash equivalents	\$ 55,346	\$ -	\$ -	\$ 55,346
U S equities	415,821	19,095	-	434,916
International equities	293,686	53,661	-	347,347
Fixed income securities	116,364	41,183	-	157,547
Hedge funds	-	488,009	-	488,009
Emerging markets	112,242	17,865	-	130,107
Real estate and other	6,340	61,154	-	67,494
	<u>\$ 999,799</u>	<u>\$ 680,967</u>	<u>\$ -</u>	<u>\$ 1,680,766</u>

	<b>December 31, 2012</b>			
	<b>At Fair Value</b>	<b>On Equity Method</b>	<b>On Cost Method</b>	<b>Total</b>
Cash and cash equivalents	\$ 24,262	\$ -	\$ -	\$ 24,262
U S equities	291,824	12,677	-	304,501
International equities	176,836	35,679	-	212,515
Fixed income securities	110,470	24,049	-	134,519
Hedge funds	-	375,716	-	375,716
Emerging markets	90,156	10,000	-	100,156
Real estate and other	-	40,513	106	40,619
	<u>\$ 693,548</u>	<u>\$ 498,634</u>	<u>\$ 106</u>	<u>\$ 1,192,288</u>

The Company's investments in hedge funds include limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments of the limited partnerships and limited liability corporations include, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments may result in loss due to changes in the market (market risk). Alternative investments are less liquid than the Company's other investments.

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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The Company's investments in hedge funds represent 29.0% of total long-term investments held at December 31, 2013. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Novant Health is obligated under certain investment agreements to periodically advance additional funding up to specified levels. As of December 31, 2013 and 2012, Novant Health had future commitments of \$49,655 and \$56,422, respectively, for which capital calls had not been exercised.

Investment income for assets limited as to use and investments is comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
<b>Income</b>		
Interest and dividend income	\$ 26,741	\$ 27,651
Net realized gains	26,245	6,235
Net unrealized gains	113,972	74,952
	<u>\$ 166,958</u>	<u>\$ 108,838</u>

## 8. Fair Value Measurements

Novant Health categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Novant Health follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange traded equity securities, futures, pooled short-term investment funds, options and exchange traded mutual funds.

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

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Level 2 Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations, asset-backed securities, certificates of deposit, derivatives, as well as certain U.S. and international equities which are not traded on an active exchange.

Level 3 Inputs that are unobservable for the asset or liability. Investments classified in this level generally include investments in preferred stock.

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. Novant Health uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

As of December 31, 2013 and 2012, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

#### **Certificates of deposit**

The fair value of certificates of deposit is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates.

#### **Fixed income and debt securities**

The fair value of investments in fixed income and debt securities is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

#### **U.S. equity securities**

The fair value of investments in U.S. equity securities is primarily determined using either quoted prices in active markets or the calculated net asset value. The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals. The investments in Level 2 may be redeemed or liquidated on a daily basis with no notice with the exception of \$351,658 at December 31, 2013. These investments have been reported at net asset value by each fund as a practical expedient to estimate their fair value. Novant Health has the ability to redeem its interests at or near the financial statement date. Novant Health defines near term as within 90 days of the financial statement date.

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**Derivatives**

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, credit spreads, volatilities and maturity.

During 2013 and 2012, there were no transfers between Level 1 and 2.

The following table summarizes fair value measurements, by level, at December 31, 2013 for all financial assets and liabilities measured at fair value on a recurring basis in the financial statements.

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets</b>				
Short-term investments				
Certificates of deposit	\$ -	\$ 5,209	\$ -	\$ 5,209
Fixed income securities	-	319,996	-	319,996
Total short-term investments	-	325,205	-	325,205
Assets limited as to use				
Cash and cash equivalents	13,863	-	-	13,863
U S equities	5,766	-	-	5,766
International equities	93	-	-	93
Fixed income securities	874	78,521	-	79,395
Total assets limited as to use	20,596	78,521	-	99,117
Long-term investments				
Cash and cash equivalents	55,346	-	-	55,346
U S equities	354,913	60,908	-	415,821
International equities	120,274	173,412	-	293,686
Fixed income securities	16,266	100,098	-	116,364
Emerging markets	22,314	89,928	-	112,242
Real estate and other	6,340	-	-	6,340
Total long-term investments	575,453	424,346	-	999,799
Total assets at fair value	\$ 596,049	\$ 828,072	\$ -	\$ 1,424,121
<b>Liabilities</b>				
Derivative financial instruments	-	40,782	-	40,782
Employee benefits liabilities	5,995	-	-	5,995
Total liabilities at fair value	\$ 5,995	\$ 40,782	\$ -	\$ 46,777

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The following table summarizes fair value measurements, by level, at December 31, 2012 for all financial assets and liabilities measured at fair value on a recurring basis in the financial statements

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Total</b>
<b>Assets</b>				
Short-term investments				
Certificates of deposit	\$ -	\$ 2,200	\$ -	\$ 2,200
Fixed income securities	-	306,496	-	306,496
Total short-term investments	-	308,696	-	308,696
Assets limited as to use				
Cash and cash equivalents	16,056	-	-	16,056
U S. equities	21,097	-	-	21,097
Fixed income securities	-	68,092	-	68,092
Total assets limited as to use	37,153	68,092	-	105,245
Long-term investments				
Cash and cash equivalents	24,262	-	-	24,262
U S. equities	233,518	54,306	4,000	291,824
International equities	70,468	106,368	-	176,836
Fixed income securities	8,542	101,928	-	110,470
Emerging markets	19,356	70,800	-	90,156
Total long-term investments	356,146	333,402	4,000	693,548
Total assets at fair value	\$ 393,299	\$ 710,190	\$ 4,000	\$ 1,107,489
<b>Liabilities</b>				
Derivative financial instruments	-	71,778	-	71,778
Employee benefits liabilities	5,471	-	-	5,471
Total liabilities at fair value	\$ 5,471	\$ 71,778	\$ -	\$ 77,249

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For the years ended December 31, 2013 and 2012, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following

	<b>U.S. Equities</b>
<b>Balance at December 31, 2011</b>	\$ 10,000
Sale of assets	<u>(6,000)</u>
<b>Balance at December 31, 2012</b>	4,000
Sale of assets	<u>(4,000)</u>
<b>Balance at December 31, 2013</b>	<u>\$ -</u>

As a result of its annual impairment testing for 2013, the Company recorded impairment charges of \$36,321 to reduce the carrying value of certificates of need from their carrying value of \$64,513 to their estimated fair value of \$61,090, to reduce the carrying value of goodwill from its carrying value of \$25,236 to its implied and estimated fair value of \$13,730 and to write off goodwill with a carrying value of \$21,392. As a result of its annual impairment testing for 2012, Novant recorded impairment charges of \$18,388 to reduce the carrying value of certificates of need from their carrying value of \$59,048 to their estimated fair value of \$40,660. These impairment charges are included in the consolidated statements of operations. The fair value measurements used in determining the fair value of the Company's certificates of need and goodwill were all deemed to be Level 3.

**9. Property and Equipment**

Property and equipment consists of the following at December 31

	<b>2013</b>	<b>2012</b>
Land and land improvements	\$ 236,277	\$ 236,167
Leasehold improvements	145,221	141,001
Buildings and building improvements	1,620,960	1,561,591
Buildings under capital lease obligations	30,675	27,220
Equipment	1,533,679	1,512,481
Equipment under capital lease obligations	8,247	7,599
Software	315,240	223,163
Construction in progress	<u>253,805</u>	<u>137,984</u>
	4,144,104	3,847,206
Less Accumulated depreciation	<u>(2,325,763)</u>	<u>(2,190,238)</u>
	<u>\$ 1,818,341</u>	<u>\$ 1,656,968</u>



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At December 31, 2013 and 2012, land and buildings with a net book value of \$27,424 and \$21,716 respectively, were leased to various unrelated health care organizations, with terms ranging from six months to five years. Depreciation expense and capital lease related amortization expense for the years ended December 31, 2013 and 2012 amounted to \$166,587 and \$181,870, respectively. Accumulated amortization for buildings and equipment under capital lease obligations was \$21,777 and \$18,952 at December 31, 2013 and 2012, respectively. Construction contracts of approximately \$357,619 exist for the construction of new hospitals, expansion of existing hospitals and facility renovations. At December 31, 2013, the remaining commitment on these contracts was \$72,876.

On June 27, 2009, Novant sold a portfolio of 22 medical office buildings to a third party real estate investor. The combined selling price of the buildings was \$122,280. Novant is leasing space in each of the buildings from the buyer. The transaction was recorded as a sale-leaseback and resulted in a total gain of \$59,889. Novant recognized gains from this transaction of \$3,997 and \$4,002 in 2013 and 2012, respectively. The remaining deferred gain of \$41,970 will be recognized over the average life of Novant's lease agreements with the buyer.

**10. Intangible Assets and Goodwill**

Intangible assets consist of the following at December 31

	<b>Gross Intangible</b>	<b>Accumulated Amortization</b>	<b>Net Intangible</b>
<b>Balance at December 31, 2012</b>			
Unamortized intangible assets			
Certificates of need	\$ 69,781	\$ -	\$ 69,781
Total unamortized intangible assets	69,781	-	69,781
Amortized intangible assets			
Business relationships	90,930	(18,404)	72,526
Corporate trade name and other intangibles	39,500	(8,356)	31,144
Total amortized intangible assets	130,430	(26,760)	103,670
Total intangible assets	<u>\$ 200,211</u>	<u>\$ (26,760)</u>	<u>\$ 173,451</u>
<b>Balance at December 31, 2013</b>			
Unamortized intangible assets			
Certificates of need	\$ 66,426	\$ -	\$ 66,426
Total unamortized intangible assets	66,426	-	66,426
Amortized intangible assets			
Business relationships	90,997	(22,372)	68,625
Corporate trade name and other intangibles	39,823	(9,755)	30,068
Total amortized intangible assets	130,820	(32,127)	98,693
Total intangible assets	<u>\$ 197,246</u>	<u>\$ (32,127)</u>	<u>\$ 165,119</u>

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Amortization expense related to intangible assets was \$5,462 and \$5,456 for the years ended December 31, 2013 and 2012, respectively. Estimated annual amortization expense for intangible assets for the years 2014 through 2018 is approximately \$5,549, \$5,540, \$5,528, \$5,519 and \$5,507, respectively.

The following table summarizes the changes in the carrying amount of goodwill for the years ended December 31

	2013	2012
<b>As of January 1</b>		
Goodwill, net of accumulated amortization	\$ 294,169	\$ 294,359
Accumulated impairment losses	<u>(77,838)</u>	<u>(77,838)</u>
	216,331	216,521
Goodwill acquired, net of purchase price adjustments and other	-	(190)
Impairment	<u>(32,898)</u>	<u>-</u>
	<u>183,433</u>	<u>216,331</u>
<b>As of the end of the period</b>		
Goodwill, net of accumulated amortization	294,169	294,169
Accumulated impairment losses	<u>(110,736)</u>	<u>(77,838)</u>
	<u>\$ 183,433</u>	<u>\$ 216,331</u>

As a result of its annual impairment testing for 2013 and 2012, Novant Health recorded impairment charges of \$3,423 and \$18,388, respectively, to reduce the carrying value of certificates of need to their estimated fair value. The impairment charges were partial write offs of the certificates of need.

As a result of its annual impairment testing in 2013, Novant Health also recorded impairment charges of \$32,898 to reduce the carrying value of goodwill to its implied and estimated fair value for certain reporting units. Impairment charges of \$21,392 represent a full write off of the remaining goodwill for certain reporting units and impairment charges of \$11,506 represent a partial write off of the goodwill for a reporting unit.

These impairment charges were the result of lower than expected operating results at certain Novant Health reporting units. Our impairment tests presume stable or improving results at certain Novant Health reporting units which are based on the implementation of programs and initiatives that are designed to achieve projected results. If these projections are not met, or in the future negative trends occur which would impact our future outlook, further impairments of goodwill and other intangible assets may occur. Future restructuring of our markets that could potentially change our reporting units could also result in future impairments of goodwill.

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**11. Investments in Affiliates**

Novant Health has noncontrolling interests in ten healthcare related entities. The Company's ownership interests in the entities range from 20% to 51%. These investments are accounted for using either the cost or equity method.

A summary of investments, ownership percentages, investment amounts and the Company's share of earnings for the years ended December 31 is as follows:

Investee	% Ownership		Investment Balance at December 31,		Share of Earnings of Investee	
	2013	2012	2013	2012	2013	2012
Hospital Partnership	30%	30%	\$124,685	\$ 128,104	\$ 7,056	\$ 8,928
Advanced Services	24%	25%	17,221	17,313	2,071	2,936
Providence Plaza LLC	30%	30%	4,911	4,945	146	135
Rowan Hospice & Palliative Care LLC	50%	50%	2,305	2,781	(476)	229
Cancer Center	50%	50%	2,988	1,931	1,557	1,966
Other	Various	Various	6,168	7,071	205	152
			<u>\$ 158,278</u>	<u>\$ 162,145</u>	<u>\$ 10,559</u>	<u>\$ 14,346</u>

On December 29, 2012, Novant Health exercised its option to put its investment in Laboratory Group Holdings LLC in exchange for notes receivable of \$8,000. The loss on the sale of this investment was recorded as other non-operating expense in the consolidated statement of operations.

Effective January 1, 2014, the Cancer Center redeemed the membership interest of the other partner in exchange for cash and a note payable, making the Novant Health affiliate the sole member of the LLC.

The following table presents summarized financial information related to investments in the above noncontrolled entities as of December 31:

	2013	2012
Assets	\$ 333,090	\$ 331,303
Liabilities	229,243	161,514
Equity	103,847	169,789
Total revenue	309,827	330,563
Total expenses	275,776	284,174
Net income	34,051	46,389
Novant Health's share of net income	10,559	14,346

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**12. Other Assets**

Other assets consist of the following at December 31

	<b>2013</b>	<b>2012</b>
Notes receivable and other	\$ 36,141	\$ 19,462
Deferred financing costs, net of amortization	12,166	9,311
Cash surrender value of insurance policies	16,094	13,351
Reinsurance receivables	9,343	7,631
Pledges receivable	10,131	1,359
	<u>\$ 83,875</u>	<u>\$ 51,114</u>

Deferred financing costs are amortized using the effective interest method over the life of the related debt agreements and instruments

**13. Accrued Liabilities**

Accrued liabilities consist of the following at December 31

	<b>2013</b>	<b>2012</b>
Accrued compensation	\$ 196,780	\$ 166,700
Pension liability	14,269	19,009
Postretirement benefit liability	1,022	1,079
Payroll taxes and withholdings	16,779	17,549
Interest	12,235	9,972
Other accrued liabilities	71,173	82,229
Self-insurance		
Employee medical claims liability	20,511	18,688
Malpractice and workers' compensation liability	18,653	18,079
	<u>\$ 351,422</u>	<u>\$ 333,305</u>

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**14. Long-Term Debt**

Following is a summary of long-term debt at December 31

	<b>2013</b>	<b>2012</b>
Tax-exempt revenue bonds	\$ 1,103,510	\$ 903,305
Hospital revenue bonds	-	73,260
Taxable revenue bonds	700,000	450,000
Taxable variable rate demand bonds	<u>65,800</u>	<u>69,800</u>
Total bonds	1,869,310	1,496,365
Capital lease obligations and other notes payable	<u>39,880</u>	<u>48,978</u>
	1,909,190	1,545,343
Unamortized premium or discount, net	<u>19,328</u>	<u>6,073</u>
	1,928,518	1,551,416
Less Current maturities	<u>(157,490)</u>	<u>(78,423)</u>
	<u>\$ 1,771,028</u>	<u>\$ 1,472,993</u>

# Novant Health, Inc. and Affiliates

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#### Tax-Exempt Revenue Bonds

Novant Health has tax-exempt financing agreements through conduit issuers. These bonds are comprised of the following at December 31, 2013 and 2012:

	2013	2012
Series 2013 A and B Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 3.0% to 5.0% payable semi-annually and maturing through 2046, principal payments begin in 2014	\$ 298,765	\$ -
Series 2010 A Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 4.0% to 5.0% payable semi-annually and maturing through 2043, principal payments begin in 2023	264,165	264,165
Series 2008 A, B and C Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2028, principal payments began in 2009	155,580	165,175
Series 2006 Current Interest Term Bonds, bearing interest at rates ranging from 4.5% to 5.0% payable semi-annually and maturing through 2039, principal payments begin in 2023	250,000	250,000
Series 2004 A and B Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2034, principal payments begin in 2025	135,000	135,000
Series 2003 A Current Interest Serial Bonds, bearing interest at rates ranging from 2.0% to 5.0% payable semi-annually and maturing through 2020	-	88,965
	<u>\$ 1,103,510</u>	<u>\$ 903,305</u>

In conjunction with the issuance of the 2003 bonds, Novant Health entered into a new Master Trust Indenture (the "Agreement"). The Agreement authorizes the creation of a Combined Group, which consists of the members of the Obligated Group and the Restricted Affiliates. Novant Health and two of its affiliates that operate tertiary care hospitals, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center, are the members of the Obligated Group. The members of the Obligated Group are jointly and severally liable for the payment of all obligations under the Agreement. The Company's Restricted Affiliates, which include certain other subsidiaries of the Company, are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement. All bonds issued by Novant Health subsequent to the issuance of the 2003 bonds are also collateralized by the Obligated Group.

The bond agreements provide for early redemption periods of the bonds prior to mandatory redemption, subject to a premium, generally ranging from 0.0% to 2.0%, as defined in the agreements. In accordance with the bond indenture agreements, the bonds are general, unsecured obligations of Novant Health. The bond indentures require Novant Health to cause the Restricted Affiliates to comply with certain covenants, including the maintenance of a minimum debt service coverage ratio and a minimum number of days cash on hand. As of December 31, 2013, Novant Health is in compliance with these bond covenants.

# **Novant Health, Inc. and Affiliates**

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The Series 2004 A and B Variable Rate Demand Bonds are collateralized by a standby purchase agreement ("SBPA") issued by JP Morgan Chase Bank National Association. The SBPA expires January 31, 2016. If the SBPA should be used to fund tenders due to a failed remarketing, repayment in quarterly installments over three years are required. As a result, the Company has classified \$33,750 of the 2004 bonds as current at December 31, 2013 and 2012.

In March 2011, the documents related to the Series 2008 A, B and C Variable Rate Demand Bonds were amended to allow the conversion of the bonds to bank direct purchase index floating rate bonds. In March 2014, the Series 2008 A, B, and C Variable Rate Demand Bonds were refinanced. Subsequent to the refinancing, the direct purchase agreement related to the Series 2008 A Variable Rate Demand Bonds has a term of three years and will expire in March 2017. Subsequent to the refinancing, the direct purchase agreement related to the Series 2008 B and 2008 C Variable Rate Demand Bonds has a term of five years and will expire in March 2021.

In December 2012, the Series 1996 Current Interest Term Bonds and the Series 1996 Capital Appreciation Serial Bonds were redeemed with proceeds from the Senior Revolving Credit Facility.

On May 7, 2013, Novant Health issued \$152,400 of Series 2013A bonds through the North Carolina Medical Care Commission and \$146,365 of Series 2013B bonds through the Industrial Development Authority of the County of Prince William. The Series 2013 bonds bear interest at fixed rates ranging from 3.0% to 5.0%. Proceeds of the bonds were used to refund a portion of the Series 2003A bonds, repay the outstanding balance on the Senior Revolving Credit Facility and refund the Novant Health Prince William Medical Center Series 2002 Hospital Revenue Bonds. The remaining proceeds are being used to finance and reimburse Novant Health for expenditures primarily related to the construction of the following: a 60-bed community hospital in Haymarket, Virginia, the vertical expansion of Novant Health Huntersville Medical Center, the vertical expansion of Novant Health Matthews Medical Center, the construction of Novant Health Clemmons Medical Center, and the G-wing renovation at Novant Health Presbyterian Medical Center.

#### **Mortgage Revenue Bonds**

On August 18, 2004, Novant Health Rowan Medical Center issued \$87,125 of fixed rate Federal Housing Administration insured mortgage revenue bonds, bearing interest at rates ranging from 3.00% to 5.25%. On July 18, 2012, these bonds were defeased using cash flow from operations. At December 31, 2013, the defeased bonds had an outstanding balance of \$73,240.

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#### Hospital Revenue Bonds

Novant Health Prince William Medical Center had promissory notes to the Industrial Development Authority of the City of Manassas, Virginia and the Industrial Development Authority of the County of Prince William, Virginia, under which hospital revenue bonds were issued. On May 6, 2013, the Series 1993 Hospital Revenue Refunding Bonds were redeemed with operating cash. On May 7, 2013, the Series 2002 Hospital Revenue Bonds were refunded with proceeds of the Novant Health Series 2013B bonds.

	2012
Series 2002 Hospital Revenue Bonds, term bonds which are due in 2023 and 2033, bearing interest at rates of 5.1% and 5.3%	\$ 65,655
Series 1993 Hospital Revenue Refunding Bonds, due in 2019, bearing interest at 5.3%	<u>7,605</u>
	<u>\$ 73,260</u>

#### Taxable Revenue Bonds

On September 23, 2009, Novant Health issued \$350,000 of taxable fixed rate bonds (the "2009A Bonds"). \$250,000 of these bonds bear interest at a rate of 5.85% and mature in 2019. The remaining \$100,000 of these bonds bear interest at a rate of 4.65% and mature in 2014. Proceeds of the 2009A Bonds were used to refinance a portion of the Company's revolving credit facility in January 2010.

On November 12, 2009, Novant Health issued \$100,000 of taxable fixed rate bonds (the "2009B Bonds"). The 2009B Bonds bear interest at a rate of 5.35% and mature in 2016. Proceeds of the 2009B Bonds were used to refinance the remaining portion of the Company's revolving credit facility in January 2010.

On April 23, 2013, Novant Health issued \$250,000 of taxable fixed rate bonds (the "2013C Bonds"). The 2013C bonds bear interest at a rate of 4.37% and mature in 2043. Proceeds of the 2013C Bonds were used for eligible purposes, including the refinancing of long-term debt.

The taxable revenue bonds are subject to the same covenant requirements that are included in the bond agreements for the tax-exempt revenue bonds.

#### Taxable Variable Rate Demand Bonds

In 1997, Novant Health issued Taxable Variable Rate Demand Bonds, totaling \$87,800, collateralized by an irrevocable letter of credit issued by Wachovia Bank of North Carolina, N.A. The irrevocable letter of credit is collateralized by the bonds, all income, earnings, profits, interest, premium or other payments on the bonds, and all proceeds arising from the sale, exchange or collection of the bonds. Interest on the bonds is payable on a quarterly basis. Mandatory sinking fund requirements began in 2001 and will continue until their final maturity of June 1, 2022. At December 31, 2013 and 2012, the rate of interest on the variable bonds was 0.17% and 0.21%, respectively. The irrevocable letter of credit is currently available through March 1, 2016.



# Novant Health, Inc. and Affiliates

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#### Other Long-Term Debt

Other long-term debt consists of various loans and notes on buildings and capital leases, bearing interest at rates ranging from 1 16% to 12 15%

Scheduled maturities of all long-term debt are as follows

#### Years Ending December 31

2014	\$ 123,739
2015	30,459
2016	138,638
2017	26,917
2018	27,416
Thereafter	1,562,021
	<u>\$ 1,909,190</u>

Novant capitalized \$2,499 and \$1,237 of interest in 2013 and 2012, respectively

The fair values of Novant's bonds are based on a pricing model. At December 31, 2013 and 2012, Novant's bonds had an approximate fair value of \$1,832,191 and \$1,588,218, respectively, as determined on a Level 2 measurement basis.

#### Short-Term Borrowings

On June 18, 2010, Novant Health entered into a \$150,000 Senior Revolving Credit Facility. The line of credit bears interest at variable rates and has a three year term. In December 2012, proceeds from the Senior Revolving Credit Facility were used to redeem the Series 1996 Current Interest Term Bonds and the Series 1996 Capital Appreciation Serial Bonds. The amount outstanding under the Senior Revolving Credit Facility at December 31, 2012 was \$34,246, bearing interest at 1 36%. Proceeds from the Series 2013A bonds were used to pay off the outstanding balance and the facility expired in June 2013.

On June 13, 2013, Novant Health entered into a \$200,000 Senior Revolving Credit Facility. The line of credit bears interest at variable rates and has a five year term. At December 31, 2013, there were no amounts outstanding.

The Company entered into reverse repurchase agreements in February 2009. The reverse repurchase agreements involve the short term sale of U.S. Treasury and Agency securities with maturities ranging between May 2014 and February 2022 at interest rates ranging from 0 25% to 3 75%. At December 31, 2013 and 2012 the fair value amounts outstanding were \$86,138 and \$91,853, respectively, which approximates carrying value. The amount outstanding under the reverse repurchase agreements at December 31, 2013 and 2012 was \$84,965 and \$89,825, respectively. Interest rates on the outstanding balances at December 31, 2013 ranged from 0 15% to 0 25%. The agreements generally mature between one and four weeks.

# Novant Health, Inc. and Affiliates

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#### Interest Rate Swaps

As of August 18, 2008, concurrent with the 2008 bond issuance, Novant Health entered into two interest rate swap agreements to hedge the variable interest rates of the 2008 bonds. The swaps are based on an aggregate notional amount of \$155,580. Novant Health receives a variable rate which is tied to 68% of LIBOR, and pays a fixed rate of 3.679% and 3.621% for the \$115,300 and \$40,280 notional amounts, respectively. In July 2006, Novant Health entered into a floating-to-fixed swap agreement with a notional amount of \$135,000 and a term of 28 years to hedge the floating rate 2004 bonds. Novant Health receives a variable rate which is tied to 64.8% of LIBOR plus 12 basis points and pays a fixed interest rate of 3.8%. The swaps have been designated as cash flow hedges and are carried on the balance sheet at fair value. These swaps qualify for hedge accounting and were assessed for effectiveness at the time the contracts were entered into and are assessed for effectiveness on an ongoing basis at each quarter end using the hypothetical derivative method. Unrealized gains and losses related to the effective portion of the swaps are recognized as a change in unrestricted net assets and gains or losses related to ineffective portions are recognized in excess of revenues over expenses as interest expense. As of December 31, 2013 and 2012, Novant Health's swaps are recorded as long-term liabilities in the consolidated balance sheets.

In August 2005, Novant Health Prince William Medical Center entered into an interest rate swap agreement in order to hedge its exposure to changes in interest rates. The interest rate swap matures on September 1, 2015, and has a notional amount of \$7,043. The exchanges of cash flows with the counter party (a commercial bank) began on September 8, 2005. Pursuant to the swap agreement, Novant Health Prince William Medical Center pays the counter party a fixed interest rate of approximately 5.6% and receives interest at a variable rate equal to LIBOR plus one percent, calculated on the notional amount. The interest rate swap does not qualify for hedge accounting and therefore changes in the fair value of the interest rate swap are recorded in excess of revenues over expenses.

The following table summarizes the fair value as presented in the consolidated balance sheets as derivative financial instruments for the Company's interest rate swaps as of December 31.

	2013	2012
Interest rate swaps designated as hedging instruments	\$ 40,275	\$ 70,966
Interest rate swaps not designated as hedging instruments	507	812
Total derivative financial liabilities	<u>\$ 40,782</u>	<u>\$ 71,778</u>

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The following table summarizes the effect of the interest rate swaps on the consolidated statements of operations and changes in net assets for the years ended December 31, 2013 and 2012

Statement of Operations Location	Amount of Gain Recognized in Change in Unrestricted Net Assets		Amount of Gain (Loss) Recognized in Excess of Revenues Over Expenses	
	2013	2012	2013	2012
<b>Derivatives designated as hedging instruments</b>				
Change in fair value of hedging interest rate swaps	\$ 25,261	\$ 2,078	\$ -	\$ -
Hedge ineffectiveness	-	-	5,430	(2,253)
<b>Derivatives not designated as hedging instruments</b>				
Change in fair value of non-hedging interest rate swaps	-	-	305	207
	<u>\$ 25,261</u>	<u>\$ 2,078</u>	<u>\$ 5,735</u>	<u>\$ (2,046)</u>

**15. Employee Benefits and Other Liabilities**

Employee benefits and other liabilities consist of the following at December 31

	2013	2012
Pension liability, net of current portion	\$ 29,170	\$ 115,036
Postretirement benefit liability, net of current portion	19,422	23,039
Self-insurance malpractice and workers compensation, net of current portion	53,863	49,993
Employee benefits and other	32,626	12,352
Deferred gains	82,688	89,125
	<u>\$ 217,769</u>	<u>\$ 289,545</u>

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**16. Income Taxes**

The provision for federal and state income taxes is as follows

	<b>2013</b>	<b>2012</b>
<b>Current tax expense (benefit)</b>		
Federal	\$ 50	\$ 4,695
State	522	(35)
	<u>572</u>	<u>4,660</u>
<b>Deferred tax expense (benefit)</b>		
Federal	2,176	4,128
State	(219)	179
	<u>1,957</u>	<u>4,307</u>
	<u>\$ 2,529</u>	<u>\$ 8,967</u>

The components of deferred taxes are as follows

	<b>2013</b>	<b>2012</b>
<b>Deferred tax assets</b>		
Loss carryforwards	\$ 56,290	\$ 55,474
Deferred charge for intercompany transfer	14,643	15,974
Accounts receivable	5,568	2,511
Other long-term liabilities	566	510
Other	1,313	1,272
Total deferred tax assets	<u>78,380</u>	<u>75,741</u>
<b>Deferred tax liabilities</b>		
Property and equipment	(2,376)	(2,176)
Intangible assets	(21,783)	(22,938)
Other assets	(19)	(18)
Total deferred tax liabilities	<u>(24,178)</u>	<u>(25,132)</u>
Valuation allowance	(49,486)	(43,936)
Net deferred tax asset	<u>\$ 4,716</u>	<u>\$ 6,673</u>

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GAAP requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. In making this determination, management considers all available positive and negative evidence affecting specific deferred tax assets, including the Company's past and anticipated future performance, reversal of deferred tax liabilities, length of carryback and carryforward periods and implementation of tax planning strategies.

Objective positive evidence is necessary to support a conclusion that a valuation allowance is not needed for all or a portion of deferred tax assets when significant negative evidence exists.

Cumulative losses in recent years are the most compelling form of negative evidence considered by management in this determination. For the year ended December 31, 2013, management has determined that based on all available evidence, a valuation allowance of \$49,486 is appropriate.

As of December 31, 2013, the Company had approximately \$134,425 of federal and \$91,915 of state loss carryforwards available to reduce taxable income. The loss carryforwards expire through 2033.

Income tax expense reported in the consolidated statements of operations is shown below.

	2013	2012
Federal taxes	\$ 2,226	\$ 8,823
State income taxes	303	144
Income tax expense	<u>\$ 2,529</u>	<u>\$ 8,967</u>

The Company is required to evaluate uncertain tax positions. This evaluation includes a quantification of tax risk in areas such as unrelated business taxable income and the taxation of our for-profit subsidiaries. This evaluation did not have a material effect on the Company's statements of operations for the years ended December 31, 2013 and 2012.

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#### **17. Employee Benefit Plans and Other Postretirement Benefit Plans**

Certain Novant Health affiliates participate in the Pension Restoration Plan of Novant Health, Inc (the "Novant Plan"), a noncontributory defined benefit pension plan covering substantially all the affiliates' employees of record as of December 1998. Participation is limited to vested employees as of December 31, 1998. Effective January 1, 2008, and July 1, 2009, the Company assumed two noncontributory defined benefit plans, the Pension Plan for the Employees of Rowan Regional Medical Center (the "Rowan Plan") and the Prince William Hospital Corporation Cash Balance Pension Plan (the "Prince William Plan"), respectively. Participation in the Rowan Plan was closed to new entrants and the accrued benefits were frozen as of December 31, 2003. Participation in the Prince William Plan was closed to new entrants and the accrued benefits were frozen as of April 1, 2010. The assets of the plans are primarily invested in common trust funds, common stocks, bonds, notes and U.S. government securities.

Certain Novant Health affiliates have supplemental retirement income plans covering highly compensated employees. These are nonqualified plans which are not subject to ERISA funding requirements. As such, Novant Health intends only to fund the plans in amounts equivalent to the plans' annual benefit payments. During 2013 the Company terminated one of its plans covering certain highly compensated employees and, as a result, recorded expense of \$5,858. Also during the year the Company implemented a new supplemental retirement income plan that covers certain highly compensated employees. This plan acts as a defined contribution plan and annual funding requirements are determined under provisions of the plan.

Novant Health also provides fixed dollar amounts for health care and life insurance benefits to certain retired employees. Covered employees may become eligible for these benefits if they meet minimum age and service requirements, and if they are eligible for retirement benefits. Novant Health has the right to modify or terminate these benefits.

Information regarding benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost follows within this footnote.

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	<b>Defined Benefit Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Change in benefit obligations</b>				
Projected benefit obligation at beginning of year	\$ 401,666	\$ 380,119	\$ 24,118	\$ 22,915
Service cost	2,568	3,453	193	201
Interest cost	13,789	15,460	798	905
Actuarial loss (gain)	(2,812)	1,071	(3,594)	849
Assumption change	(36,168)	19,564	-	-
Plan amendments	(17,918)	-	-	-
Settlements	(32,515)	-	-	-
Benefits paid	(15,611)	(18,001)	(1,222)	(932)
Employee contributions	-	-	151	180
Projected benefit obligation at end of year	<u>\$ 312,999</u>	<u>\$ 401,666</u>	<u>\$ 20,444</u>	<u>\$ 24,118</u>

The assumption changes above are primarily a result of changes in the discount rate in 2013 and 2012. The plan amendment changes above are primarily the acceleration of the amortization of actuarial losses in unrestricted net assets due to the termination of a supplemental retirement income plan. The settlement charges above are payments made to employees as the result of termination of a supplemental retirement income plan and also lump sum benefit payouts from the Prince William Plan.

<b>Weighted-Average Assumptions Used to Determine End of Year Benefit Obligations</b>	<b>Defined Benefit Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Discount rate	2.35 - 4.75%	2.45 - 3.82%	0.60 - 4.60%	1.25 - 3.70%
Rate of compensation increase <sup>(1)</sup>	5.00%	5.00%	N/A	N/A
Health care cost trend on covered charges	N/A	N/A	8.0% in 2013, grading to 5.0% in 2020	8.5% in 2013, grading to 5.0% in 2020

(1) The compensation increase does not apply to the Rowan Plan or the Prince William Plan as benefits under these plans were frozen at December 31, 2013 and 2012.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported as of December 31, 2013.

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**Plan Assets**

	<b>Defined Benefit Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	\$ 267,621	\$ 231,747	\$ -	\$ -
Actual return on plan assets	20,655	35,640	-	-
Employer contribution	30,151	18,752	1,071	752
Employee contributions	-	-	151	180
Settlements	(32,515)	-	-	-
Benefits paid	(15,611)	(18,001)	(1,222)	(932)
Plan expenses	(741)	(517)	-	-
Fair value of plan assets at end of year	<u>\$ 269,560</u>	<u>\$ 267,621</u>	<u>\$ -</u>	<u>\$ -</u>

The Company's primary investment objective for the defined benefit plans ("the Plans") is to invest plan assets in a manner that maximizes the probability of meeting the plans' liabilities when due. The Plans hold equity mutual funds that are diversified by geography, capitalization, style and investment manager. The Plans also hold fixed income mutual funds that are diversified by issuer and maturity. In addition, the Plans may hold Treasury Inflation-Protected Securities, alternative asset, real estate and commodity mutual funds. The investment guidelines, asset allocation, and investment performance are reviewed by the Novant Health Administrative Committee.

Subsequent to year-end the Company contributed \$44,853 to its three defined benefit plans, reallocated its investment asset categories and essentially fully funded the plans. Going forward the primary investment objective is to invest the plan assets so that they will generate sufficient cash flows needed to fund future payments as they come due.

Novant Health's pension plan asset allocation at December 31, 2013 and 2012 and target allocation for 2013 by asset category are as follows:

<b>Asset Category</b>	<b>Target Range</b>	<b>Percentage of Plan Assets at December 31,</b>	
		<b>2013</b>	<b>2012</b>
Debt securities	25–70%	50.0%	46.0%
Equity securities	25–70%	43.0%	44.0%
Alternative asset funds	0–15%	4.0%	7.0%
Real estate and other	0–10%	3.0%	3.0%
		<u>100.0%</u>	<u>100.0%</u>



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The fair values of the Company's plan assets at December 31, 2013, by asset category are as follows

	Fair Value Measurements at Reporting Date Using			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity securities				
U S equity	\$ -	\$ 45,838	\$ -	\$ 45,838
Developed non-U S equity	-	39,480	-	39,480
Emerging markets equity	-	30,427	-	30,427
Fixed income securities				
U S fixed income	-	133,762	-	133,762
Alternative asset funds	-	11,983	-	11,983
Real estate and other	-	8,070	-	8,070
Total fair value of the Company's plan assets	\$ -	\$ 269,560	\$ -	\$ 269,560

The fair values of the Company's plan assets at December 31, 2012, by asset category are as follows

	Fair Value Measurements at Reporting Date Using			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity securities				
U S equity	\$ -	\$ 51,016	\$ -	\$ 51,016
Developed non-U S equity	-	37,666	-	37,666
Emerging markets equity	-	30,225	-	30,225
Fixed income securities				
U S fixed income	-	122,349	-	122,349
Alternative asset funds	-	19,825	-	19,825
Real estate and other	-	6,540	-	6,540
Total fair value of the Company's plan assets	\$ -	\$ 267,621	\$ -	\$ 267,621

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**Funded Status**

The funded status of the plans recognized in the balance sheet and the amounts recognized in unrestricted net assets follows

	<b>Defined Benefit Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>End of Year</b>				
Fair value of plan assets at end of year	\$ 269,560	\$ 267,621	\$ -	\$ -
Benefit obligation at end of year	312,999	401,666	20,444	24,118
Funded status	<u>\$ (43,439)</u>	<u>\$ (134,045)</u>	<u>\$ (20,444)</u>	<u>\$ (24,118)</u>
<b>Amount recognized in the balance sheets</b>				
Prepaid benefit cost at measurement date	\$ 23,650	\$ 33,450	\$ -	\$ -
Accrued benefit cost	(3,154)	(20,976)	(20,444)	(24,118)
Change in unrestricted net assets	(63,935)	(146,519)	-	-
Net liability recognized	<u>\$ (43,439)</u>	<u>\$ (134,045)</u>	<u>\$ (20,444)</u>	<u>\$ (24,118)</u>
<b>Amounts recognized in unrestricted net assets</b>				
Prior service cost	\$ 3,022	\$ 6,503	\$ -	\$ -
Net actuarial loss (gain)	60,913	140,016	(589)	2,954
	<u>\$ 63,935</u>	<u>\$ 146,519</u>	<u>\$ (589)</u>	<u>\$ 2,954</u>
<b>Other changes in plan assets and benefit obligations</b>				
Net loss (gain)	\$ (54,551)	\$ (11,068)	\$ (3,594)	\$ 849
Prior service credit	(1,758)	(15)	-	-
Amortization of net loss (gain)	(1,243)	(2,093)	51	89
Amortization of prior service cost (credit)	(1,725)	1,339	-	(140)
Settlement credit	(4,396)	-	-	-
Curtailment credit	(18,911)	-	-	-
Total recognized in unrestricted net assets	<u>\$ (82,584)</u>	<u>\$ (11,837)</u>	<u>\$ (3,543)</u>	<u>\$ 798</u>

At the end of 2013 and 2012, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets were as follows

<b>Accumulated Benefit Obligation in Excess of Plan Assets</b>	<b>2013</b>	<b>2012</b>
Projected benefit obligation	\$ 312,999	\$ 401,666
Accumulated benefit obligation	300,467	367,739
Fair value of plan assets	269,560	267,621

**Novant Health, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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*(in thousands of dollars)*

**Cash Flows**

The Company made contributions to its defined benefit pension plans of \$44,853 in January 2014. The Company expects to make contributions to the supplemental retirement income plans of approximately \$2,424 for the 2014 fiscal year.

The following assumed benefit payments, which reflect expected future service, as appropriate, and were used in the calculation of projected benefit obligations, are estimated to be paid as follows:

	<b>Employee Benefit Plans</b>	<b>Postretirement Healthcare Benefit Plans</b>
<b>Expected Benefit Payments</b>		
2014	\$ 14,252	\$ 1,014
2015	14,763	1,064
2016	15,030	1,110
2017	15,881	1,150
2018	16,573	1,195
2019–2023	92,617	6,534

**Net periodic benefit cost**

	<b>Defined Benefit Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Service cost	\$ 2,568	\$ 3,453	\$ 193	\$ 201
Interest cost	13,789	15,460	798	905
Estimated return on plan assets	(16,029)	(14,716)	-	-
Amortization of prior service cost (credit)	732	(1,339)	-	-
Recognized net actuarial loss (gain)	11,708	13,651	(51)	51
Settlements	6,610	-	-	-
Recognized curtailment loss (gain)	2,751	(245)	-	-
Net periodic benefit cost	<u>\$ 22,129</u>	<u>\$ 16,264</u>	<u>\$ 940</u>	<u>\$ 1,157</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ (60,455)</u>	<u>\$ 4,427</u>	<u>\$ (2,603)</u>	<u>\$ 1,955</u>

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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(in thousands of dollars)

Amounts expected to be amortized from unrestricted net assets into net periodic benefit cost during the year ending December 31, 2014 are as follows

	Defined Benefit Plans	Postretirement Healthcare Benefit Plans
Actuarial net loss (gain)	\$ 4,435	\$ (78)
Prior service cost	497	-

The weighted-average assumptions used to determine net periodic benefit cost were as follows

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2013	2012	2013	2012
Discount rate	2.45 - 3.82%	3.65 - 4.30%	1.25 - 3.70%	2.20 - 4.15%
Expected return on plan assets	6.00 - 7.00%	6.00 - 7.00%	N/A	N/A
Rate of compensation increase <sup>(1)</sup>	5.00%	5.00%	N/A	N/A
Health care cost trend on covered charges	N/A	N/A	8.5% in 2013, grading to 5.0% in 2020	9.0% in 2012, grading to 5.0% in 2020

(1) The compensation increase does not apply to the Rowan Plan or the Prince William Plan as benefits under these plans were frozen at December 31, 2013 and 2012

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported as of December 31, 2013.

In addition to these plans, Novant Health sponsors a number of defined contribution plans. Contributions are determined under various formulas. Costs related to such plans amounted to \$54,912 and \$54,895 in 2013 and 2012, respectively.

Certain Novant Health affiliates participate in cafeteria plans which provide certain benefits, including basic medical and dental coverage, long-term disability benefits, reimbursement of supplemental dependent care expenses and group life insurance benefits. The affiliates contribute predetermined amounts for each full-time and part-time employee, which is allocated to the various benefit options in accordance with the participant's election. Affiliate contributions to these plans were approximately \$183,274 in 2013 and \$166,476 in 2012.

Novant Health is self-insured for medical coverage exposures up to certain limits for all Novant Health employees. The Company has recorded an estimate of the liability for claims incurred but not reported as of December 31, 2013 and 2012.

**Novant Health, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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(in thousands of dollars)

**18. Noncontrolling Interests**

The following table reconciles the carrying amounts of the Company's controlling interest and the noncontrolling interests for unrestricted net assets

	<b>Total</b>	<b>Controlling Interest</b>	<b>Noncontrolling Interests</b>
<b>Balance at January 1, 2012</b>	<b>\$ 1,842,651</b>	<b>\$ 1,831,679</b>	<b>\$ 10,972</b>
Excess of revenues over expenses	273,590	272,428	1,162
Loss on discontinued operations	(2,840)	(2,840)	-
Gain on sale of discontinued operations	1,721	1,721	-
Change in funded status of defined benefit plans	11,039	11,039	-
Unrealized gain on derivative financial instruments	2,078	2,078	-
Other changes in unrestricted net assets	(1,968)	429	(2,397)
<b>Balance at December 31, 2012</b>	<b>2,126,271</b>	<b>2,116,534</b>	<b>9,737</b>
Excess of revenues over expenses	272,967	270,915	2,052
Change in funded status of defined benefit plans	86,127	86,127	-
Unrealized gain on derivative financial instruments	25,261	25,261	-
Other changes in unrestricted net assets	171	496	(325)
<b>Balance at December 31, 2013</b>	<b>\$ 2,510,797</b>	<b>\$ 2,499,333</b>	<b>\$ 11,464</b>

**19. Professional and General Liability Insurance Coverage**

Novant Health is self-insured for professional and general liability exposures up to certain limits. The Company has umbrella policies in place above those limits. The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported. Novant Health also participates in a self-insured program for workers' compensation and is self-insured for certain health benefits options. A portion of these self-insured professional liabilities is funded through a revocable trust fund operated by Novant Health. Liabilities for self-insured professional and general liability risks, for both asserted and unasserted claims were discounted, assuming a 3% rate for both malpractice and workers' compensation for December 31, 2013 and 2012, based on historical loss payment patterns. This resulted in a present value of \$72,516 and \$68,072 at December 31, 2013 and 2012, respectively, and represented a discount of \$5,943 and \$5,945 in 2013 and 2012, respectively.

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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(in thousands of dollars)

#### 20. Commitments and Contingencies

The Company and its affiliates are presently involved in various personal injury, regulatory investigations, tort actions and other claims and assessments arising out of the normal course of business. Management believes that Novant Health has adequate legal defenses, self-insurance reserves and/or insurance coverage for these asserted claims, as well as any unasserted claims and does not believe these claims will have a material effect on the Company's operations or financial position. The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

#### 21. Operating Leases

Certain operating properties and equipment are leased under noncancelable operating leases. Total rental expense under operating leases was \$86,781 and \$93,197 in 2013 and 2012, respectively. Future minimum rentals under noncancelable operating leases with terms of more than one year are as follows:

##### Years Ending December 31

2014	\$ 81,178
2015	72,865
2016	63,607
2017	53,693
2018	41,837
Thereafter	117,570
	<u>\$ 430,750</u>

Novant Health leases six plots of land to a third party under long-term ground lease agreements. Total rental income under these lease agreements was \$1,124 and \$1,094 in 2013 and 2012, respectively. The future rental income related to the ground leases are as follows:

##### Years Ending December 31

2014	\$ 1,144
2015	1,165
2016	1,186
2017	1,207
2018	1,241
Thereafter	90,428
	<u>\$ 96,371</u>

# Novant Health, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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(in thousands of dollars)

#### 22. Concentrations of Credit Risk

Novant Health provides services primarily to the residents of various counties within North Carolina, South Carolina and Virginia without collateral or other proof of ability to pay. Most patients are local residents who are insured partially or fully under third-party payor arrangements.

The mix of receivables from patients and third-party payors at December 31 is as follows:

	2013	2012
Medicare	31.7%	27.5%
Medicaid	13.1%	9.4%
Other third-party payors	43.7%	54.8%
Patients	11.5%	8.3%
	<u>100.0%</u>	<u>100.0%</u>

Novant Health places the majority of its cash and investments with corporate and financial institutions. Novant Health maintains cash balances in excess of FDIC insured limits; however, the Company has not experienced any losses on such deposits.

#### 23. Functional Expenses

Novant Health provides general health care services to residents within its geographic region. Expenses relating to providing these services at December 31 are as follows:

	2013	2012
Health care services	\$ 2,511,470	\$ 2,424,151
General and administrative	<u>971,419</u>	<u>946,394</u>
	<u>\$ 3,482,889</u>	<u>\$ 3,370,545</u>

#### 24. Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 28, 2014, the day the financial statements were issued.

On March 24, 2014, the Company exercised its option under the provisions of the Limited Liability Company Agreement of Carolinas Holdings, LLC. This option allows the Company to exchange its right to 30% of the earnings of the Hospital Partnership for the greater of the fair market value or \$150,000. Fair market value will be determined based on the provisions of the agreement.

#### 25. Recent Accounting Pronouncements

In April 2013, the FASB issued ASU 2013-6, *Not-for-Profit Entities: Services Received from Personnel of an Affiliate*. This guidance requires that a not-for-profit entity recognize all personnel

# **Novant Health, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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(in thousands of dollars)

services for which the affiliate does not seek compensation that directly benefit the recipient not-for-profit and that such services should be measured at cost unless the cost significantly differs from the value received. This guidance is effective for Novant Health on January 1, 2015 and requires modified retrospective approach. The adoption of this guidance is not expected to have an impact on Novant Health's financial statements.

In July 2013, the FASB issued ASU 2013-10, *Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes*. This guidance allows entities to use the Fed Funds Effective Swap Rate, in addition to U.S. Treasury Rates and LIBOR as a benchmark interest rate in accounting for fair value and cash flow hedges and eliminates the provision that prohibits the use of different benchmark rates for similar hedges except in rare and justifiable circumstances. This guidance is effective prospectively for qualifying new hedging relationships entered into on or after July 17, 2013 and for hedging relationships redesignated on or after that date. The adoption of this guidance had no impact on Novant Health's consolidated statements of financial position and results of operations.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists*. This guidance clarifies the presentation of unrecognized tax benefits in the financial statements. This guidance is effective for Novant Health beginning January 1, 2014. The adoption of this guidance is not expected to have a significant impact on Novant Health's consolidated statements of financial position.

In May 2011, the FASB issued ASU 2011-4, *Fair Value Measurement (Topic 820)*, which amends the fair value disclosure requirements regarding transfers between Level 1 and Level 2 of the fair value hierarchy and also the categorization by level of the fair value hierarchy for items that are not measured at fair value in the financial statements but for which the fair value is required to be disclosed. ASU 2011-4 also requires additional disclosures for Level 3 measurements including a description of the valuation process, sensitivity, and quantitative disclosures of unobservable inputs. This guidance was effective for Novant Health beginning January 1, 2012.

In July 2011, the FASB issued ASU 2011-7, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which requires certain health care entities to present the provision for bad debts related to patient service revenues as a deduction from revenue, net of contractual allowances and discounts, versus as an expense in the statement of operations. In addition, it also requires enhanced disclosures regarding revenue recognition policies and the assessment of bad debt. This guidance was effective for Novant Health beginning January 1, 2012 and was retrospectively applied.

In July 2012, the FASB issued ASU 2012-2, *Testing Indefinite-Lived Intangible Assets for Impairment*. This guidance provides the option to perform a qualitative assessment of whether it is more likely than not that the indefinite-lived asset is impaired. ASU 2012-2 is effective for fiscal years beginning after September 15, 2012. Novant Health elected to early adopt this standard effective in 2012. The adoption of this guidance had no impact on Novant Health's consolidated statements of financial position and results of operations.



## **Other Financial Information**



## **Report of Independent Auditors on Supplementary Information**

To the Board of Trustees of  
Novant Health, Inc.

We have audited the consolidated financial statements of Novant Health, Inc. and Affiliates as of December 31, 2013 and 2012 and for the years then ended and our report thereon appears at the beginning of this document. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Cost of Community Benefit Programs is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

March 28, 2014

**Novant Health, Inc. and Affiliates**  
**Schedule of Cost of Community Benefit Programs**  
**December 31, 2013 and 2012**

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The net cost, excluding the provision of bad debts, of providing care to indigent patients and community benefit programs is as follows

(in thousands of dollars)	<b>2013</b>	<b>2012</b>
Traditional charity care	\$ 129,229	\$ 123,475
Unpaid cost of Medicare	294,325	256,903
Unpaid cost of Medicaid	63,952	111,141
Community benefit programs	<u>78,594</u>	<u>54,587</u>
	<u><b>\$ 566,100</b></u>	<u><b>\$ 546,106</b></u>

As discussed in Note 2 in the accompanying financial statements, Novant received supplemental Medicaid payments during 2012 related to both 2011 and 2012. The community benefit amounts for 2012 include only the supplemental payments related to 2012. The community benefit amounts for 2013 include the supplemental payments related to 2013.



**Report of Independent Auditors  
on Accompanying Combining Information**

To the Board of Trustees of  
Novant Health, Inc.

We have audited the consolidated financial statements of Novant Health, Inc. and Affiliates as of December 31, 2013 and for the year then ended and our report thereon appears at the beginning of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations and changes in net assets of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and results of operations and changes in net assets of the individual companies.

*PricewaterhouseCoopers LLP*

March 28, 2014

**Novant Health, Inc. and Affiliates**  
**Combining Balance Sheet**  
**December 31, 2013**

<i>(in thousands of dollars)</i>	<b>Combined Group</b>	<b>Unrestricted Affiliates</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 207,794	\$ 41,388	\$ -	\$ 249,182
Accounts receivable, net of allowance for doubtful accounts	350,720	57,655	-	408,375
Short-term investments	325,098	107	-	325,205
Current portion of assets limited as to use	28,444	13,202	-	41,646
Deferred tax asset	-	5,765	-	5,765
Receivable for settlement with third-party payors	8,116	1,533	-	9,649
Other current assets	124,820	16,689	-	141,509
Total current assets	1,044,992	136,339	-	1,181,331
Assets limited as to use	17,553	39,918	-	57,471
Long-term investments	1,529,900	150,866	-	1,680,766
Property and equipment, net	1,530,650	287,691	-	1,818,341
Intangible assets and goodwill, net	61,165	287,387	-	348,552
Investments in affiliates	389,475	6,392	(237,589)	158,278
Other assets	70,352	16,038	(2,515)	83,875
Total assets	<u>\$4,644,087</u>	<u>\$ 924,631</u>	<u>\$ (240,104)</u>	<u>\$ 5,328,614</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Current portion of long-term debt	\$ 154,931	\$ 2,559	\$ -	\$ 157,490
Short-term borrowings	84,965	-	-	84,965
Accounts payable	119,456	5,976	-	125,432
Accrued liabilities	295,732	58,205	(2,515)	351,422
Estimated third-party payor settlements	17,114	3,170	-	20,284
Due to (from) related organizations	(525,554)	525,554	-	-
Total current liabilities	146,644	595,464	(2,515)	739,593
Long-term debt, net of current portion	1,737,416	33,612	-	1,771,028
Deferred tax liability	-	1,049	-	1,049
Derivative financial instruments	40,275	507	-	40,782
Employee benefits and other liabilities	165,883	51,886	-	217,769
Total liabilities	2,090,218	682,518	(2,515)	2,770,221
Net assets				
Unrestricted-attributable to Novant	2,551,680	191,412	(243,759)	2,499,333
Unrestricted- noncontrolling interests	-	5,294	6,170	11,464
Total unrestricted net assets	2,551,680	196,706	(237,589)	2,510,797
Temporarily restricted	2,189	34,595	-	36,784
Permanently restricted	-	10,812	-	10,812
Total net assets	<u>2,553,869</u>	<u>242,113</u>	<u>(237,589)</u>	<u>2,558,393</u>
Total liabilities and net assets	<u>\$4,644,087</u>	<u>\$ 924,631</u>	<u>\$ (240,104)</u>	<u>\$ 5,328,614</u>

See accompanying note to combining supplemental schedules

**Novant Health, Inc.**  
**Combining Statement of Operations**  
**Year Ended December 31, 2013**

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<i>(in thousands of dollars)</i>	<b>Combined Group</b>	<b>Unrestricted Affiliates</b>	<b>Eliminations</b>	<b>Total</b>
<b>Operating revenues</b>				
Net patient service revenue	\$3,106,332	\$ 503,613	\$ -	\$ 3,609,945
Provision for bad debts	<u>(143,125)</u>	<u>(39,851)</u>	<u>-</u>	<u>(182,976)</u>
Net patient service revenues less provision for bad debts	2,963,207	463,762	-	3,426,969
Premium revenue	-	3,959	-	3,959
Other revenue	<u>149,364</u>	<u>26,774</u>	<u>(14,371)</u>	<u>161,767</u>
Total operating revenues	<u>3,112,571</u>	<u>494,495</u>	<u>(14,371)</u>	<u>3,592,695</u>
<b>Operating expenses</b>				
Salaries and employee benefits	1,705,373	220,108	(1,087)	1,924,394
Supplies and other	1,044,872	238,341	(12,503)	1,270,710
Depreciation expense	132,874	33,713	-	166,587
Amortization expense	1,118	5,598	-	6,716
Impairment charge	-	36,321	-	36,321
Interest expense	<u>49,307</u>	<u>28,854</u>	<u>-</u>	<u>78,161</u>
Total operating expenses	<u>2,933,544</u>	<u>562,935</u>	<u>(13,590)</u>	<u>3,482,889</u>
Operating income (loss)	179,027	(68,440)	(781)	109,806
<b>Non-operating income (expense)</b>				
Investment income	151,575	14,604	779	166,958
Unrealized gains on non-hedged derivative financial instruments	-	305	-	305
Income tax benefit (expense)	706	(3,235)	-	(2,529)
Other, net	<u>(312)</u>	<u>(54)</u>	<u>-</u>	<u>(366)</u>
Loss on extinguishment of debt	<u>(1,207)</u>	<u>-</u>	<u>-</u>	<u>(1,207)</u>
Excess (deficit) of revenues over expenses	<u>\$ 329,789</u>	<u>\$ (56,820)</u>	<u>\$ (2)</u>	<u>\$ 272,967</u>

See accompanying note to combining supplemental schedules

**Novant Health, Inc.**  
**Combined Group Combining Balance Sheet**  
**December 31, 2013**

<i>(in thousands of dollars)</i>	<b>Obligated Group</b>	<b>Restricted Affiliates</b>	<b>Eliminations</b>	<b>Combined Group Total</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 178,499	\$ 29,295	\$ -	\$ 207,794
Accounts receivable, net of allowance for doubtful accounts	216,647	134,073	-	350,720
Short-term investments	278,926	46,172	-	325,098
Current portion of assets limited as to use	28,444	-	-	28,444
Receivable for settlement with third-party payors	7,192	924	-	8,116
Other current assets	96,526	28,294	-	124,820
Total current assets	806,234	238,758	-	1,044,992
Assets limited as to use	16,791	762	-	17,553
Long-term investments	1,400,575	129,325	-	1,529,900
Property and equipment, net	1,063,428	467,222	-	1,530,650
Intangible assets and goodwill, net	31,015	30,150	-	61,165
Investments in affiliates	442,366	2,994	(55,885)	389,475
Other assets	190,565	(120,213)	-	70,352
Total assets	<u>\$ 3,950,974</u>	<u>\$ 748,998</u>	<u>\$ (55,885)</u>	<u>\$ 4,644,087</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Current portion of long-term debt	\$ 154,769	\$ 162	\$ -	\$ 154,931
Short-term borrowings	84,965	-	-	84,965
Accounts payable	110,335	9,121	-	119,456
Accrued liabilities	228,450	67,282	-	295,732
Estimated third-party payor settlements	12,931	4,183	-	17,114
Due to (from) related organizations	(544,518)	18,964	-	(525,554)
Total current liabilities	46,932	99,712	-	146,644
Long-term debt, net of current portion	1,737,348	68	-	1,737,416
Derivative financial instruments	40,275	-	-	40,275
Employee benefits and other liabilities	151,070	14,813	-	165,883
Total liabilities	<u>1,975,625</u>	<u>114,593</u>	<u>-</u>	<u>2,090,218</u>
Net assets				
Unrestricted	1,975,338	632,227	(55,885)	2,551,680
Temporarily restricted	11	2,178	-	2,189
Total net assets	<u>1,975,349</u>	<u>634,405</u>	<u>(55,885)</u>	<u>2,553,869</u>
Total liabilities and net assets	<u>\$ 3,950,974</u>	<u>\$ 748,998</u>	<u>\$ (55,885)</u>	<u>\$ 4,644,087</u>

See accompanying note to combining supplemental schedules

**Novant Health, Inc.**  
**Combined Group Combining Statement of Operations**  
**Year Ended December 31, 2013**

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<i>(in thousands of dollars)</i>	<b>Obligated Group</b>	<b>Restricted Affiliates</b>	<b>Eliminations</b>	<b>Combined Group Total</b>
<b>Operating revenues</b>				
Net patient service revenue	\$ 1,836,124	\$1,270,208	\$ -	\$ 3,106,332
Provision for bad debts	(66,442)	(76,683)	-	(143,125)
Net patient service revenues less provision for bad debts	1,769,682	1,193,525	-	2,963,207
Other revenue	123,555	27,666	(1,857)	149,364
Total operating revenues	1,893,237	1,221,191	(1,857)	3,112,571
<b>Operating expenses</b>				
Salaries and employee benefits	981,432	723,941	-	1,705,373
Supplies and other	666,707	380,021	(1,857)	1,044,871
Depreciation expense	85,564	47,310	-	132,874
Amortization expense	896	222	-	1,118
Interest expense	34,033	15,274	-	49,307
Total operating expenses	1,768,632	1,166,768	(1,857)	2,933,543
Operating income	124,605	54,423	-	179,028
<b>Non-operating income (expense)</b>				
Investment income	136,000	15,575	-	151,575
Income tax benefit (expense)	708	(2)	-	706
Gain (loss) on extinguishment of debt	1,262	(2,469)	-	(1,207)
Other, net	(312)	-	-	(312)
Excess of revenues over expenses	\$ 262,263	\$ 67,527	\$ -	\$ 329,790

See accompanying note to combining supplemental schedules



**Novant Health, Inc.**  
**Note to Combining Supplemental Schedules**  
**December 31, 2013**

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The Master Indenture authorizes the creation of a Combined Group, which consists of the Members of the Obligated Group and Restricted Affiliates designated as such by a Member of the Obligated Group with Novant Health's consent. Novant Health and its two affiliates that operate tertiary care hospitals, Forsyth Memorial Hospital, Inc. d/b/a Novant Health Forsyth Medical Center and The Presbyterian Hospital d/b/a Novant Health Presbyterian Medical Center, both of which are North Carolina nonprofit corporations, are the Members of the Obligated Group. The Members of the Obligated Group are jointly and severally liable for the payment of all Master Obligations issued under the Master Indenture.

Novant Health has designated twelve of its affiliates as Restricted Affiliates. Seven of these Restricted Affiliates, Medical Park Hospital, Inc. d/b/a Novant Health Medical Park Hospital, Community General Health Partners, Inc. d/b/a Novant Health Thomasville Medical Center, Presbyterian Medical Care Corp d/b/a Novant Health Matthews Medical Center, Brunswick Community Hospital d/b/a Novant Health Brunswick Medical Center, Presbyterian Orthopaedic Hospital, LLC d/b/a Novant Health Charlotte Orthopaedic Hospital, Prince William Hospital Corporation d/b/a Novant Health Prince William Medical Center, and Prince William Hospital System, operate, or maintain a significant investment in, hospitals. The other five Restricted Affiliates, Carolina Mediacorp Enterprises, Inc., Forsyth Medical Group, LLC, Foundation Health Systems Corp., Novant Medical Group, Inc. f/k/a Presbyterian Regional Healthcare Corp. and Salem Health Services, Inc., provide, or invest in subsidiaries or joint ventures which provide, health care and ancillary services. Restricted Affiliates are not directly obligated to pay Master Obligations, but the Members of the Obligated Group have covenanted in the Master Indenture to cause the Restricted Affiliates to provide funds to the Members of the Obligated Group to pay Master Obligations. All of the Members of the Combined Group, except Salem Health Services, Inc., are exempt from federal and North Carolina income taxation.