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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

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
CONWAY REGIONAL MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2302 COLLEGE AVENUE
Suite

City or town, state or province, country, and ZIP or foreign postal code
CONWAY, AR 72034

D Employer identification number
71-0249735

E Telephone number
(501) 329-3831

G Gross receipts $ 162,288,990

F Name and address of principal officer
JIM LAMBERT
2302 COLLEGE AVENUE
CONWAY,AR 72034

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 CONWAYREGIONAL ORG

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

L Year of formation 1938

M State of legal domicile AR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVISION OF INPATIENT, OUTPATIENT, GERIATRIC, PSYCHIATRIC, CARDIAC, EMERGENCY CARE AND OTHER PATIENT CARE SERVICES TO PATIENTS IN CONWAY AND SURROUNDING AREAS IN CENTRAL AR

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,601
6	Total number of volunteers (estimate if necessary)	**6**	109
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	5,573,748
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-446,709

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	1,176,091	949,978
9	Program service revenue (Part VIII, line 2g)	141,388,190	139,211,356
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,141,770	2,389,725
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,241,099	10,446,687
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	149,947,150	152,997,746
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	59,925,782	59,033,869
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	90,584,348	87,909,899
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	150,510,130	146,943,768
19	Revenue less expenses Subtract line 18 from line 12	-562,980	6,053,978

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	162,816,306	167,099,037
21	Total liabilities (Part X, line 26)	64,767,786	62,053,566
22	Net assets or fund balances Subtract line 21 from line 20	98,048,520	105,045,471

Part II Signature Block

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

Sign Here

****** | 2014-11-07
Signature of officer | Date

STEVEN ROSE CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
AMBER SHERRILL				P00748683
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ PO BOX 3667 LITTLE ROCK, AR 722033667			Phone no (501) 372-1040	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

CONWAY REGIONAL MEDICAL CENTER IS ACCOUNTABLE TO THE COMMUNITY TO PROVIDE HIGH-QUALITY AND COMPASSIONATE HEALTH CARE SERVICES

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 $ 120,242,262 including grants of $) (Revenue $ 140,259,739)

CONWAY REGIONAL MEDICAL CENTER PROVIDES COMPREHENSIVE HEALTHCARE SERVICES TO INDIVIDUALS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, OR ABILITY TO PAY IN KEEPING WITH ITS MISSION, THE MEDICAL CENTER PROVIDES FREE AND DISCOUNTED CARE TO PATIENTS MEETING ITS CHARITY CARE POLICY

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

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

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 120,242,262

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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 . .	1a	91		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,601		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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	**1a** 10		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		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 ▶ AR

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ KAREN DAYER CONTROLLER 2302 COLLEGE AVE
CONWAY, AR 72034 (501) 513-5451

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CORNELL MALTBIA DIRECTOR	1 0	X						0	0	1,368
(2) WAYNE COX DIRECTOR	1 0	X						0	0	0
(3) BART THRONEBERRY MD CHAIRMAN	1 0	X		X				0	0	1,368
(4) BARBARA WILLIAMS DIRECTOR	1 0	X						0	0	576
(5) JAMES LAMBERT PRESIDENT/CEO	40 0	X		X				310,704	0	17,655
(6) TOM POE DIRECTOR	1 0	X						0	0	672
(7) JACK ENGELKES VICE CHAIRMAN	1 0	X		X				0	0	1,368
(8) ANDREW COLE MD DIRECTOR	1 0	X						0	0	1,260
(9) JIM RANKIN JR DIRECTOR	1 0	X						0	0	0
(10) ANDREA WOODS JD DIRECTOR	1 0	X						0	0	1,260
(11) STEVEN ROSE VP FINANCIAL SERVICES/CFO	40 0			X				160,456	0	14,119
(12) ALAN FINLEY COO	40 0			X				130,912	0	13,107
(13) JACQUELYN WILKERSON VP NURSING SERVICES/CNO	40 0			X				126,356	0	4,880
(14) GREG KENDRICK MD PHYSICIAN	40 0					X		330,260	0	14,093
(15) DENNIS WOODHALL MD PHYSICIAN	40 0					X		544,359	0	12,738
(16) ALEXANDER TYLER-HASHEMI MD PHYSICIAN	40 0					X		275,099	0	14,900
(17) CHRISTI STEIJEN MD PHYSICIAN	40 0					X		278,722	0	12,005

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ROBERT BALENTINE MD PHYSICIAN	40 0					X		299,256	0	14,438
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,456,124	0	125,807

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 33

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CONWAY EMERGENCY PHYSICIANS PA, PO BOX 757 CONWAY AR 72033	PHYSICIAN COVERAGE	3,930,452
THERAPY REHAB SOLUTIONS INC, 550 CLUB LANE SUITE 2 CONWAY AR 72034	THERAPY	3,725,444
CONWAY REGIONAL SURGERY MANAGEMENT, 2200 ADA AVENUE CONWAY AR 72034	MANAGEMENT	1,256,288
CONWAY ANESTHESIOLOGY CONSULTANTS, 525 WESTERN AVE STE 201 CONWAY AR 72034	ANESTHESIA	895,000
REACH DIAGNOSTIC PARTNERS, 437 DENISON SUITE A CONWAY AR 72034	MANAGEMENT	686,838

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 43

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	704,002			
	e	Government grants (contributions)	1e	200,717			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	45,259			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		949,978			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	621110	129,981,635	129,981,635		
	b	REFERENCE LAB	621610	8,995,238	3,421,490	5,573,748	
	c	MEDICAL OFFICE BUILDING SPACE RENTAL INCOME	621110	234,483	234,483		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		139,211,356			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		937,520	0	0	937,520
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	111,720				
	b	Less rental expenses					
	c	Rental income or (loss)	111,720	0			
	d	Net rental income or (loss) . . . . . ▶		111,720	0	0	111,720
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	10,543,449	200,000			
	b	Less cost or other basis and sales expenses	9,172,368	118,876			
	c	Gain or (loss)	1,371,081	81,124			
	d	Net gain or (loss) . . . . . ▶		1,452,205	0	0	1,452,205
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	HEALTH/FITNESS CENTER	900099	2,334,563	2,334,563		
	b	CAFETERIA SALES	900099	1,394,629	1,394,629		
	c	CONWAY REGIONAL SURGERY	900099	2,203,447	2,203,447		
	d	All other revenue		4,402,328	2,996,790		1,405,538
	e	**Total.** Add lines 11a–11d . . . . . ▶		10,334,967			
	12	**Total revenue.** See Instructions . . . . . ▶		152,997,746	142,567,037	5,573,748	3,906,983

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	786,063		786,063	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	47,350,121	37,926,737	9,423,384	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	883,517	707,684	175,833	
9 Other employee benefits	6,676,120	5,347,472	1,328,648	
10 Payroll taxes	3,338,048	2,673,726	664,322	
11 Fees for services (non-employees)				
a Management	2,853,257	2,285,416	567,841	
b Legal	343,577	275,200	68,377	
c Accounting	290,440	232,638	57,802	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	156,469	125,329	31,140	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	19,413,623	15,550,021	3,863,602	
12 Advertising and promotion	728,514	583,529	144,985	
13 Office expenses	3,662,338	2,933,478	728,860	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	2,998,644	2,401,869	596,775	
17 Travel	258,528	207,077	51,451	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	2,279,049	1,825,484	453,565	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	9,029,665	7,232,626	1,797,039	
23 Insurance	871,187	697,808	173,379	
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 PHARMACEUTICALS & MED SUPPLIES	23,314,613	18,674,656	4,639,957	
b PROVISION FOR BAD DEBTS	15,939,153	15,939,153		
c COLLECTION EXPENSE	739,020	591,944	147,076	
d REPAIRS AND MAINTENANCE	624,613	500,306	124,307	
e All other expenses	4,407,209	3,530,109	877,100	
25 **Total functional expenses.** Add lines 1 through 24e	146,943,768	120,242,262	26,701,506	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		908,975	1	4,177,557
	2	Savings and temporary cash investments		21,885,199	2	19,855,206
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		15,393,312	4	13,767,233
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		2,388,276	8	2,910,806
	9	Prepaid expenses and deferred charges		793,505	9	810,360
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 171,497,494			
	b	Less accumulated depreciation	10b 110,331,648	64,448,507	10c	61,165,846
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		43,354,304	13	53,170,075
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		13,644,228	15	11,241,954
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		162,816,306	16	167,099,037
Liabilities	17	Accounts payable and accrued expenses		12,742,561	17	12,788,769
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		43,138,348	20	43,158,404
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		4,138,459	23	1,569,111
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		4,748,418	25	4,537,282
	26	**Total liabilities.** Add lines 17 through 25		64,767,786	26	62,053,566
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		98,048,520	27	105,045,471
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		98,048,520	33	105,045,471
	34	Total liabilities and net assets/fund balances		162,816,306	34	167,099,037

Part XI Reconcilliation 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	152,997,746
2	Total expenses (must equal Part IX, column (A), line 25)	2	146,943,768
3	Revenue less expenses Subtract line 2 from line 1	3	6,053,978
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	98,048,520
5	Net unrealized gains (losses) on investments	5	2,661,886
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	-1,718,913
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	105,045,471

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. 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		1,393,749		1,393,749
b Buildings		89,880,253	49,979,218	39,901,035
c Leasehold improvements		2,047,248	454,021	1,593,227
d Equipment		77,974,056	59,898,409	18,075,647
e Other		202,188		202,188
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				61,165,846

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) BOARD DESIGNATED INVESTMENTS	53,170,075	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	53,170,075	

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) FUNDS HELD BY TRUSTEE	4,557,046
(2) OTHER RECEIVABLES	850,845
(3) MEET CURRENT OBLIGATIONS	568,726
(4) AMORTIZED BOND ISSUE COSTS	651,243
(5) INTERCOMPANY RECEIVABLES	47,210
(6) INVESTMENT IN SUBSIDIARIES	3,426,525
(7) AMOUNTD DUE FROM THIRD-PARTY	1,140,359
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	11,241,954

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ESTIMATED 3RD PARTY SETTLEMENT	3,821,748
ASSET RETIREMENT ENVIRON RES	688,405
DUE TO CRMC	27,129
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	4,537,282

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return 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	138,001,566
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	2,661,886		
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	2,661,886
3	Subtract line **2e** from line **1**			3	135,339,680
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	17,658,066		
c	Add lines **4a** and **4b**			4c	17,658,066
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	152,997,746

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	131,004,615
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	131,004,615
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	15,939,153		
c	Add lines **4a** and **4b**			4c	15,939,153
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	146,943,768

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
FORM 990, SCHEDULE D, PART XI, LINE 4B	BAD DEBT EXPENSE $15,939,153 CONWAY REGIONAL REHAB K-1 $141,671 CONWAY REGIONAL SURGERY K-1 $1,577,242 ========== $17,658,066
FORM 990, SCHEDULE D, PART XII, LINE 4B	BAD DEBT EXPENSE $15,939,153
FORM 990, SCHEDULE D, PART X, LINE 2	THE MEDICAL CENTER AND FOUNDATION HAVE BEEN RECOGNIZED AS EXEMPT FROM INCOME TAXES UNDER SECTION 501 OF THE INTERNAL REVENUE CODE AND A SIMILAR PROVISION OF STATE LAW AS SUCH, THEY ARE REQUIRED TO FILE IRS FORM 990 ON AN ANNUAL BASIS AND ARE NO LONGER SUBJECT TO U S FECERAL INCOME TAX EXAMINATIONS BY TAX AUTHORITIES FOR INCOME TAX RETURNS FILED FOR YEAR BEFORE 2010 THE MEDICAL CENTER AND FOUNDATION ARE SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME CRRH IS ORGANIZED AS AN ARKANSAS LIMITED LIABILITY COMPANY AND IS TREATED AS A PARTNERSHIP FOR INCOME TAX PURPOSES ISC IS SUBJECT TO INCOME TAXES UNDER THE INTERNAL REVENUE CODE AND STATE LAW DUE TO LIMITED INCOME, NO PROVISION FOR FEDERAL OR STATE INCOME TAXES HAS BEEN INCLUDED IN THESE FINANCIAL STATEMENTS

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

Employer identification number
71-0249735

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,984,724	1,859,910	1,124,814	0 860 %
b Medicaid (from Worksheet 3, column a)			10,821,768	5,334,248	5,487,520	4 190 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			13,806,492	7,194,158	6,612,334	5 050 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	17	9,125	123,911	3,430	120,481	0 090 %
f Health professions education (from Worksheet 5)	1	780	19,403		19,403	0 010 %
g Subsidized health services (from Worksheet 6)			5,365,298	3,666,103	1,699,195	1 300 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	5	3,175	79,414		79,414	0 060 %
j **Total.** Other Benefits	23	13,080	5,588,026	3,669,533	1,918,493	1 460 %
k **Total.** Add lines 7d and 7j	23	13,080	19,394,518	10,863,691	8,530,827	6 510 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members	1		4,757		4,757	
6 Coalition building	1		10,300		10,300	0 010 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**	2		15,057		15,057	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	15,939,153		
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	2,908,119		
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	39,369,242
6	Enter Medicare allowable costs of care relating to payments on line 5	6	39,103,556
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	265,686
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 CONWAY REG PHO	ADMIN SERVICES	50 000 %		50 000 %
2 CONWAY REG REHAB	REHAB SERVICES	61 800 %		38 200 %
3 CONWAY REG SURGERY	MEDICAL SERVICES	72 222 %		27 778 %
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	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)

Name of hospital facility or facility reporting group CONWAY REGIONAL MEDICAL CENTER INC

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
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW CONWAYREGIONAL ORG			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	17		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

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

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART V, LINE 3	Conway Regional worked with a number of community health organizations including the city of Conway/Faulkner Co government, Faulkner Co Health Dept , State of AR Dept of Health, and the United Way of Central AR In addition to the organizations, Conway Regional used focus groups, a community summit, and telephone surveys to involve the general public in the needs assessment process
FORM 990, SCHEDULE H, PART V, LINE 7	PLEASE SEE THE ATTACHED IMPLEMETATION STRATEGY FOR NEEDS THAT HAVE NOT BEEN ADDRESSED AND THE REASONS WHY THE HOSPITAL HAS NOT ADDRESSED SUCH NEEDS

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? _____

	Name and address	Type of Facility (describe)
1		
2		
3		
4		
5		
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
FORM 990, SCHEDULE H, PART VI, LINE 2	CONWAY REGIONAL ASSESSES COMMUNITY NEEDS BY EVALUATING OUR PATIENT'S NEEDS, REQUESTS WITHIN THE COMMUNITY AND DATA COLLECTED THROUGH SECONDARY RESEARCH
FORM 990, SCHEDULE H, PART VI, LINE 3	EACH PATIENT SIGNS A CONDITION OF ADMISSION FORM WHICH MAKES THEM AWARE OF CONWAY REGIONAL'S FINANCIAL ASSISTANCE POLICY THERE IS ALSO A STATEMENT ON THE REVERSE SIDE OF THE PATIENT'S BILL WHICH EXPLAINS THAT FINANCIAL COUNSELORS ARE AVAILABLE AND IF A PATIENT CALLS THE PATIENT ACCOUNTING OFFICE ABOUT THEIR BILL, THEY ARE ALSO MADE AWARE OF THE ASSISTANCE POLICY THE FINANCIAL ASSISTANCE POLICY IS MADE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, LINE 4	CONWAY REGIONAL SERVES A FIVE COUNTY AREA IN CENTRAL ARKANSAS INCLUDING FAULKNER, PERRY, CONWAY, VAN BUREN AND CLEBURNE COUNTIES MANY OF THE AREAS WE SERVE ARE CONSIDERED RURAL UNDERSERVED AREAS CAUCASIANS ARE THE PRIMARY RACE FOLLOWED BY AFRICAN AMERICAN WITH FOUR COLLEGES/UNIVERSITIES IN OUR SERVICE AREA, WE HAVE A LARGE POPULATION OF 18-30, BUT WE ALSO SERVE A LARGE POPULATION OF SENIORS AS WELL
FORM 990, SCHEDULE H, PART VI, LINE 5	CONWAY REGIONAL PARTICIPATES IN SEVERAL COMMUNITY BUILDING ACTIVITIES THAT PROMOTE THE HEALTH OF THE COMMUNITIES WE SERVE WE WORK TO IMPROVE HEALTH BY FOCUSING ON THREE PRIMARY GOALS IDENTIFIED IN OUR COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDING OBESITY, WELLNESS AND ACCESS TO HEALTHCARE OUR FITNESS CENTER PROVIDES SUPPORT FOR MANY AREA SCHOOLS IN DEVELOPING RUNNING CLUBS AND ANNUALLY HOSTS THE KIDS RUN ARKANSAS EVENT TO ENCOURAGE FAMILIES TO EXERCISE TOGETHER, WE PROVIDE HEALTHY EATING INFORMATION AND EDUCATION THROUGH OUR WOMENS COUNCIL AND OFFER HUNDREDS OF FREE INDIVIDUAL HEALTH SCREENINGS THROUGHOUT THE YEAR AT EVENTS SUCH AS THE SENIOR HEALTH FAIR AND THE WOMENS HEALTH FAIR WE PROVIDE EXPERT SPEAKERS FOR MANY CLUBS AND COMMUNITY MEETINGS WHICH PROVIDE EDUCATION ON LIVING A HEALTHIER LIFE WE PROVIDE SUPPORT TO PARENTS SUFFERING A PREGNANCY LOSS AND OFFER CLASSES TO ENCOURAGE BREASTFEEDING TO NEW MOTHERS MUCH OF OUR SERVICE AREA IS CONSIDERED UNDERSERVED, SO PHYSICIAN RECRUITMENT IS VERY IMPORTANT IN FURTHERING THE HEALTH AND ACCESS TO HEALTH CARE IN OUR COMMUNITY

Form and Line Reference	Explanation
FORM 990, SCHEDULE H	CONWAY REGIONAL IS A NOT-FOR-PROFIT MEDICAL CENTER SERVING AS THE SOLE PROVIDER OF HOSPITAL SERVICES IN THE COUNTY THE ORGANIZATION IS GOVERNED BY A BOARD COMPRISED OF COMMUNITY MEMBERS WHO RESIDE OR WORK WITHIN THE SERVICE AREA AND ARE DEDICATED TO MAKING BETTER HEALTHCARE A REALITY FOR ALL COMMUNITY MEMBERS ALSO SERVE ON A COMMUNITY ADVISORY COUNCIL CREATED AS A SOUNDING BOARD FOR IDEAS, ISSUES IN THE COMMUNITY AND HELP PROVIDE INFORMATION ABOUT THINGS CONWAY REGIONAL CAN IMPROVE, OFFER OR CHANGE THE CONWAY REGIONAL WOMEN'S COUNCIL, WORKING WITH CONWAY REGIONAL MEDICAL CENTER THROUGH ITS CONWAY REGIONAL HEALTH FOUNDATION, IS ALSO AN AREA WHERE COMMUNITY MEMBERS ARE ENCOURAGED TO GET INVOLVED AND MEMBERS OF THIS GROUP ADVOCATE FOR WOMEN'S HEALTH THE GROUP WOMEN SUPPORT THE ORGANIZATION THROUGH FUNDRAISING ACTIVITIES AND VOLUNTEER HOURS IN ORDER TO HELP FURTHER WOMEN'S HEALTH EDUCATION AND AWARENESS IN THE COMMUNITY COMMUNITY MEMBERS ARE ALSO OFFERED THE OPPORTUNITY TO WORK WITH THE ORGANIZATION AS A VOLUNTEER THE VOLUNTEER OPPORTUNITIES ARE AVAILABLE TO ANYONE 18 AND OLDER AS A WAY TO ENGAGE INDIVIDUALS IN THE HEALTHCARE SYSTEM THAT SERVES THEM AS WELL AS THEIR FAMILY AND FRIENDS CONWAY REGIONAL WORKS WITH THE PHYSICIANS OF THE COMMUNITY BY ALLOWING ALL QUALIFIED PHYSICIANS THE OPPORTUNITY TO HAVE STAFF PRIVILEGES DEPENDING ON THEIR AREA OF PRACTICE AND CREDENTIALS CONWAY REGIONAL OFFERS SPECIALIZED SERVICES TO THE AREA SUCH AS A TRANSITIONAL CARE UNIT FOR SENIORS DEALING WITH VARIOUS FORMS OF DEMENTIA A REHABILITATION HOSPITAL OFFERS THE AREA A FACILITY IN WHICH TO RECOVER CLOSE TO HOME THE CONWAY REGIONAL EMERGENCY DEPARTMENT IS THE SOLE EMERGENCY DEPARTMENT FOR THE COUNTY ANDSERVES ALL PERSONS REGARDLESS OF ABILITY TO PAY IN ADDITION, CONWAY REGIONAL EDUCATION SERVICES PROVIDES OPPORTUNITIES FOR ALL HEALTHCARE PROFESSIONALS, REGARDLESS OF EMPLOYMENT, OPPORTUNITIES TO RECEIVE CONTINUING EDUCATION AND CERTIFICATION THROUGH CONFERENCES, CLASSES AND CERTIFICATIONS AS AN AMERICAN HEART ASSOCIATION TRAINING CENTER, CONWAY REGIONAL EDUCATION DEPARTMENT ALSO PROVIDES OPPORTUNITIES FOR THE COMMUNITY AND HEALTHCARE PROFESSIONALS TO RECEIVE AHA CLASSES AND TRAINING
FORM 990, SCHEDULE H, PART I, LINE 7, COLUMN F	BAD DEBT EXPENSE IN THE AMOUNT OF $15,939,153 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) ("TOTAL FUNCTIONAL EXPENSES"), BUT IS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN THIS COLUMN A NUMBER OF PATIENTS ARE TRULY UNABLE TO PAY THEIR OUT-OF-POCKET LIABILITY BUT DO NOT COMPLETE THE PROCESS REQUIRED TO APPLY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY THESE PATIENTS WOULD QUALIFY FOR CHARITY CARE IF THEY COMPLETED THE PAPERWORK, SO THE BAD DEBT EXPENSE ASSOCIATED WITH TREATING THEM SHOULD BE TREATED AS COMMUNITY BENEFIT

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART I, LINE 7	THE COST TO CHARGE RATIO (CALCULATED USING WORKSHEET 2) WAS USED FOR LINE 7 AMOUNTS
FORM 990, SCHEDULE H, PART III, LINE 8	THE MEDICARE COST REPORT WAS USED TO CALCULATE THE AMOUNT OF LINE 6

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART III, LINE 9B	IF A PATIENT FILLS OUT A FINANCIAL ASSISTANCE APPLICATION, THE ACCOUNT IS FROZEN AND NO FURTHER COLLECTION ACTIVITY OCCURS WHILE A DETERMINATION IS MADE AS TO IF THE PATIENT QUALIFIES FOR CHARITY CARE
FORM 990, SCHEDULE H, PART III, LINE 4	THE MEDICAL CENTER REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS THE MEDICAL CENTER PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, THE MEDICAL CENTER BILLS THIRD-PARTY PAYERS DIRECTLY AND BILLS THE PATIENT FOR THE REMAINING LIABILITY IF THE AMOUNT IS NOT COLLECTED AT THE TIME OF SERVICE PATIENT ACCOUNTS RECEIVABLE ARE ORDINARILY DUE IN FULL WHEN BILLED DELINQUENT RECEIVABLES ARE WRITTEN OFF BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE PATIENT OR THIRD-PARTY PAYER THE AMOUNT REPORTED ON LINE 2 IS BASED ON BAD DEBTS PER THE AUDITED FINANCIAL STATEMENTS LINE 3 WAS CALCULATED USING THE USDA POVERTY PERCENTAGE FOR THE COMMUNITY THE ORGANIZATION SERVES A NUMBER OF PATIENTS ARE TRULY UNABLE TO PAY THEIR OUT-OF-POCKET LIABILITY BUT DO NOT COMPLETE THE PROCESS REQUIRED TO APPLY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY THESE PATIENTS WOULD QUALIFY FOR CHARITY CARE IF THEY COMPLETED THE PAPERWORK, SO THE BAD DEBT EXPENSE ASSOCIATED WITH TREATING THEM SHOULD BE TREATED AS COMMUNITY BENEFIT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)STEVEN ROSE VP FINANCIAL SERVICES/CFO	(i)	143,351	0	17,105	6,688	7,431	174,575	0
	(ii)	0	0	0	0	0	0	0
(2)JAMES LAMBERT PRESIDENT/CEO	(i)	284,083	0	26,621	10,201	7,454	328,359	0
	(ii)	0	0	0	0	0	0	0
(3)GREG KENDRICK MD PHYSICIAN	(i)	278,053	52,207	0	10,201	3,892	344,353	0
	(ii)	0	0	0	0	0	0	0
(4)DENNIS WOODHALL MD PHYSICIAN	(i)	498,009	46,350	0	10,201	2,537	557,097	0
	(ii)	0	0	0	0	0	0	0
(5)ALEXANDER TYLER-HASHEMI MD PHYSICIAN	(i)	224,805	50,294	0	10,201	4,699	289,999	0
	(ii)	0	0	0	0	0	0	0
(6)CHRISTI STEIJEN MD PHYSICIAN	(i)	231,951	46,771	0	9,363	2,642	290,727	0
	(ii)	0	0	0	0	0	0	0
(7)ROBERT BALENTINE MD PHYSICIAN	(i)	249,479	49,777	0	10,201	4,237	313,694	0
	(ii)	0	0	0	0	0	0	0

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
FORM 990, SCH J, PART I, LINE 1A	HEALTH & FITNESS CENTER - THE MEMBERS THAT HAVE A CURRENT MEMBERSHIP AND THE FMV OF THAT MEMBERSHIP ARE LISTED IN SCHEDULE J THE TAXABLE PORTION OF CLUB DUES THAT WAS PAID ON BEHALF OF THESE INDIVIDUALS WAS INCLUDED AS COMPENSATION ON THEIR FORMS W-2

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Schedule K (Form 990)

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.

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

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	CITY OF CONWAY AR - HEALTH FACILITIES BOARD	73-1574175	212584CE4	12-08-2009	29,579,127	REFUNDED BOND ISSUED 10/19/99		X		X		X
B	CITY OF CONWAY AR - HEALTH FACILITIES BOARD	73-1574175	212584CS3	03-15-2012	18,363,658	CAPITAL IMPROVEMENTS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	3,750,000	1,145,000		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	29,583,186	18,364,617		
4	Gross proceeds in reserve funds	2,478,671	1,097,926		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	553,554	262,329		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	0	17,000,000		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	19,258	457,860		
13	Year of substantial completion	2009	2012		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X					
b	Exception to rebate?		X		X				
c	No rebate due?	X			X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
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		X				
b	Name of provider	0		0					
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
FORM 990, SCHEDULE K, PART I, LINE A&B	SERIES 2009 BONDS ARE CALCULATED ON THE BOND YEAR END, 08/01/2013 SERIES 2012 BONDS ARE CALCULATED ON THE TAX YEAR END, 12/31/2013
FORM 990, SCHEDULE K, PART II, LINE 3	THE TOTAL PROCEEDS OF ISSUE IS DIFFERENT THAN THE ISSUE PRICE, DUE TO INVESTMENT EARNINGS INCLUDED
FORM 990, SCHEDULE K, PART IV, LINE 2C	SERIES 2009 THE LAST REBATE CALCULATION DATE WAS 08/01/2014

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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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) CONWAY ORTHOPEDIC AND SPORTS MED	MCCARRON-OWNER	158,672	LEASE PAYMENTS		No
(2) THERAPY REHAB SOLUTIONS INC	DR THRONEBERRY-FAMILY	3,725,444	THERAPY		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART III, LINE 4A	
FORM 990, PART VI, SECTION B, LINE 11B	THE REVIEW PROCESS OF FORM 990 INCLUDES A REVIEW BY THE CFO AND CEO OF THE ORGANIZATION T HE FORM 990 IS THEN PRESENTED TO ALL BOARD MEMBERS OF THE GOVERNING BODY OF THE ORGANIZATI ON FOR REVIEW
FORM 990, PART VI, SECTION B, LINE 12C	THE CONWAY REGIONAL HEALTH SYSTEM BOARD REVIEWS THE GOVERNING BOARD CONFLICT OF INTEREST P OLICY YEARLY AT THE ANNUAL BOARD MEETING IN JANUARY AND EACH BOARD MEMBER FILLS OUT, ON AN ANNUAL BASIS, A NEW CONFLICT OF INTEREST STATEMENT THESE STATEMENTS ARE REVIEWED ANNUALL Y BY THE CHAIRMAN, PRESIDENT, AND CFO FOR MONITORING BOARD MEMBERS WHO HAVE AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST IN MATTERS BROUGHT BEFORE THE BOARD ARE TO ALERT THE CORPOR ATION BOARD BEFOREHAND OF THE POSSIBLE CONFLICT OF INTEREST AND WITHDRAW FROM THE MEETING DURING SAID DISCUSSION UNTIL THE MATTER HAS BEEN VOTED ON IF THE MEMBER FAILS TO WITHDRAW VOLUNTARILY FROM ANY MEETING WHERE A POSSIBLE CONFLICT OF INTEREST EXISTS, THE CHAIRMAN I S EMPOWERED TO REQUIRE WITHDRAWAL FROM THE ROOM DURING BOTH DISCUSSION AND VOTE ON THE MAT TER IN THE EVENT THE CONFLICT OF INTEREST AFFECTS THE CHAIRMAN, THE VICE CHAIRMAN IS THEN EMPOWERED TO REQUIRE HIS WITHDRAWAL
FORM 990, PART VI, SECTION B, LINE 15A	THE EXECUTIVE COMMITTEE OF THE ORGANIZATION'S BOARD REVIEWS THE CONTRACT AND COMPENSATION OF THE CEO EVERY TWO YEARS BASED ON THE CEO'S CONTRACT THE EXECUTIVE COMMITTEE THEN MAKES AN FORMAL RECOMMENDATION TO THE FULL BOARD AS TO THE RECOMMENDED COMPENSATION LEVEL FOR T HE CEO THE EXECUTIVE COMMITTEE UTILIZES COMPARABLE COMPENSATION DATA FROM BOTH STATE AND REGIONAL SURVEYS IN ITS REVIEW OF THE COMPENSATION OF THE CEO THE LAST REVIEW WAS PERFORM ED OCTOBER 2012
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC
FORM 990, PART VI, SECTION B, LINE 15B	MARKET SURVEY DATA IS GATHERED AND UTILIZED TO DETERMINE COMPENSATION LEVELS FOR OTHER KEY EMPLOYEES BY HUMAN RESOURCES A PORTION OF THE TOTAL COMPENSATION OF THESE EMPLOYEES IS P RESENTED TO THE BOARD FOR REVIEW AND APPROVAL COMPARING TOTAL COMPENSATION TO MARKET SURVE Y DATA THE REVIEW IS PERFORMED ANNUALLY IN FEBRUARY OR MARCH
FORM 990, PART XI, LINE 9	CONWAY REGIONAL REHAB K-1 ($141,671) CONWAY REGIONAL SURGERY K-1 ($1,577,242) ========== ($1,718,913)

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CONWAY REGIONAL MEDICAL CENTER INC

Employer identification number
71-0249735

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

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	(g) No
(1) CONWAY REGIONAL HEALTH FOUNDATION 2302 COLLEGE AVENUE CONWAY, AR 72034 71-0797723	SUPPORT	AR	501 (C) (3)	11A	CRMC	Yes	

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) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) CONWAY REG REHAB 2210 ROBINSON AVENUE CONWAY, AR 72034 41-2136339	REHAB SERVICE	AR	CRMC	RELATED	689,492	2,237,605		No	0	Yes		61 800 %
(2) CONWAY REG SURG MGT 2200 ADA SUITE 100 CONWAY, AR 72034 71-0800852	MEDICAL SERVICES	AR	CRMC	RELATED	2,203,447	0		No	0	Yes		72 222 %

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	(i) No
(1) INSTITUTIONAL SERVICES CORPORATION 2302 COLLEGE AVENUE CONWAY, AR 72034 71-0575886	PROP OWNERSHIP	AR	CRMC	C CORP	43,801	588,257	100 000 %	Yes	

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

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

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

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

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 71-0249735
Name: CONWAY REGIONAL MEDICAL CENTER INC

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
CONWAY REGIONAL HEALTH FOUNDATION	C	704,002	FMV
INSTITUTIONAL SERVICES CORPORATION	J	87,173	FMV
CONWAY REGIONAL HEALTH FOUNDATION	J	481,757	FMV
CONWAY REGIONAL SURGERY MGMT COMP	J	426,726	FMV
CONWAY REGIONAL HEALTH FOUNDATION	N	59,517	FMV
CONWAY REGIONAL HEALTH FOUNDATION	K	483,265	FMV
CONWAY REGIONAL REHAB HOSPITAL	P	665,611	FMV
CONWAY REGIONAL REHAB HOSPITAL	R	336,288	FMV
CONWAY REGIONAL HEALTH FOUNDATION	R	161,904	FMV

Conway Regional Medical Center, Inc.

Auditor's Report and Consolidated Financial Statements

December 31, 2013 and 2012

BKD LLP

CPAs & Advisors

Conway Regional Medical Center, Inc.

December 31, 2013 and 2012

Contents

Independent Auditor's Report

Board of Directors
Conway Regional Medical Center, Inc
Conway, Arkansas

We have audited the accompanying consolidated financial statements of Conway Regional Medical Center, Inc (the Medical Center), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Conway Regional Medical Center, Inc as of December 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it

BKD, LLP

Little Rock, Arkansas
April 24, 2014

Conway Regional Medical Center, Inc.

Consolidated Balance Sheets

December 31, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	$ 28,515,161	$ 27,004,386
Short-term investments	716,868	713,914
Assets limited as to use – current	1,498,184	1,963,811
Patient accounts receivable, net of allowance, 2013 – $7,339,799, 2012 – $11,009,270	14,587,024	15,131,957
Other receivables	890,177	565,069
Supplies	2,973,845	2,447,663
Estimated amounts due from third-party payers	1,140,359	1,314,916
Prepaid expenses and other	857,178	839,289
Total current assets	51,178,796	49,981,005
Assets Limited as to Use		
Internally designated	53,855,012	43,544,307
Externally restricted by donors	902,641	1,238,549
Held by trustee	5,125,772	6,673,737
	59,883,425	51,456,593
Less amount required to meet current obligations	1,498,184	1,963,811
	58,385,241	49,492,782
Investment in Equity Investees	-	2,116,988
Property and Equipment, at Cost		
Land and land improvements	5,870,248	5,830,045
Buildings and leasehold improvements	113,491,176	110,140,829
Equipment	79,459,699	76,754,318
Construction in progress	236,355	782,527
	199,057,478	193,507,719
Less accumulated depreciation	126,503,822	116,600,242
	72,553,656	76,907,477
Other Assets		
Deferred lease receivable	-	420,635
Deferred financing costs	651,243	706,977
	651,243	1,127,612
Total assets	$ 182,768,936	$ 179,625,864

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	$ 2,483,021	$ 2,528,921
Accounts payable	5,696,420	5,398,895
Accrued expenses	7,631,150	7,918,102
Estimated amounts due to third-party payers	3,864,395	4,007,042
Total current liabilities	19,674,986	19,852,960
Asset Retirement Obligations	688,405	662,527
Long-term Debt	42,258,009	44,773,144
Total liabilities	62,621,400	65,288,631
Net Assets		
Unrestricted		
Conway Regional Medical Center, Inc	118,627,484	112,419,821
Noncontrolling interest	617,432	678,863
Total unrestricted net assets	119,244,916	113,098,684
Temporarily restricted	902,620	1,238,549
Total net assets	120,147,536	114,337,233
Total liabilities and net assets	$ 182,768,936	$ 179,625,864

Conway Regional Medical Center, Inc.

Consolidated Statements of Operations

Years Ended December 31, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 144,692,386	$ 147,040,230
Provision for uncollectible accounts	(16,013,869)	(18,089,219)
Net patient service revenue less provision for uncollectible accounts	128,678,517	128,951,011
Net assets released from restrictions used for operations	54,316	39,928
Other	8,328,331	6,484,036
Total unrestricted revenues, gains and other support	137,061,164	135,474,975
Expenses and Losses		
Salaries and wages	49,542,867	50,443,284
Employee benefits	11,170,984	11,092,788
Supplies and other	63,049,893	65,827,093
Depreciation, amortization and accretion	10,246,374	9,207,998
Interest	2,280,215	1,528,155
Total expenses and losses	136,290,333	138,099,318
Operating Income (Loss)	770,831	(2,624,343)
Other Income		
Investment return	5,025,431	3,731,787
Gain on disposal of assets	82,224	6,586
Gain on investment in dissolved equity investee	218,646	399,728
Total other income	5,326,301	4,138,101
Excess of Revenues over Expenses	6,097,132	1,513,758
Distributions to noncontrolling interest	(399,190)	(416,380)
Net assets released from restriction used for purchase of property and equipment	293,217	927,852
Contributions received for purchase of property and equipment	73,965	-
Reclassification of net assets based on management's interpretation of restrictions	81,108	(151,353)
Increase in Unrestricted Net Assets	$ 6,146,232	$ 1,873,877

Conway Regional Medical Center, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess of revenues over expenses	$ 6,097,132	$ 1,513,758
Distributions to noncontrolling interest	(399,190)	(416,380)
Net assets released from restriction used for purchase of property and equipment	293,217	927,852
Contributions received for purchase of property and equipment	73,965	-
Reclassification of net assets based on management's interpretation of restrictions	81,108	(151,353)
Increase in unrestricted net assets	6,146,232	1,873,877
Temporarily Restricted Net Assets		
Contributions received	89,146	648,556
Investment return	3,566	-
Net assets released from restriction	(347,533)	(967,780)
Reclassification of net assets based on management's interpretation of restrictions	(81,108)	151,353
Decrease in temporarily restricted net assets	(335,929)	(167,871)
Change in Net Assets	5,810,303	1,706,006
Net Assets, Beginning of Year	114,337,233	112,631,227
Net Assets, End of Year	$ 120,147,536	$ 114,337,233

Conway Regional Medical Center, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 5,810,303	$ 1,706,006
Items not requiring (providing) cash		
Depreciation, amortization and accretion	10,246,374	9,207,998
Gain on investment in equity investee	(218,646)	(399,728)
Gain on investments	(4,034,208)	(2,827,439)
Loss on lease termination	426,123	-
Restricted contributions	(367,182)	(725,423)
Provision for uncollectible accounts	16,013,869	18,089,219
Distribution to noncontrolling interests	399,190	416,380
Gain on sale of property and equipment	(82,224)	(6,586)
Changes in		
Patient accounts receivable, net	(15,468,936)	(17,412,891)
Contributions receivable	310,372	237,969
Other current assets	(869,179)	(481,271)
Estimated amounts due to third-party payers	31,910	431,945
Deferred lease receivable	(5,488)	262,050
Accounts payable and accrued expenses	461,056	(459,341)
Net cash provided by operating activities	12,653,334	8,038,888
Investing Activities		
Proceeds from sale of assets	200,000	6,586
Purchases of investments	(16,042,738)	(50,027,744)
Proceeds from sale of investments	11,336,788	51,280,872
Distributions from equity investee	2,335,634	274,014
Purchase of property and equipment	(6,359,144)	(18,148,419)
Principal payments received on notes receivable	-	516,121
Net cash used in investing activities	(8,529,460)	(16,098,570)

Conway Regional Medical Center, Inc.
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2013 and 2012

	2013	2012
Financing Activities		
Distribution to noncontrolling interests	(399,190)	(416,380)
Proceeds from restricted contributions	367,182	725,423
Payment of deferred financing costs	-	(164,552)
Proceeds from issuance of long-term debt	-	18,227,533
Principal payments on long-term debt	(2,581,091)	(3,051,583)
Net cash provided by (used in) financing activities	(2,613,099)	15,320,441
Increase in Cash and Cash Equivalents	1,510,775	7,260,759
Cash and Cash Equivalents, Beginning of Year	27,004,386	19,743,627
Cash and Cash Equivalents, End of Year	$ 28,515,161	$ 27,004,386
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 2,286,359	$ 1,883,067
Capital additions included in accounts payable	$ 67,595	$ 518,078
Capital lease obligation incurred for property and equipment	$ -	$ 256,019

Conway Regional Medical Center, Inc.

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Conway Regional Medical Center, Inc (the Medical Center) primarily earns revenues by providing inpatient, outpatient, geriatric, psychiatric, cardiac and emergency care services to patients in Conway, Arkansas, and surrounding areas in central Arkansas It also operates a home health agency and several health clinics in the same geographic area The Medical Center's consolidated subsidiaries are discussed below under *Principles of Consolidation*

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center, Institutional Services Corporation, Conway Regional Health Foundation, Inc and Conway Regional Rehabilitation Hospital, LLC (collectively referred to as the System)

Institutional Services Corporation (ISC) is a wholly owned taxable subsidiary of the Medical Center ISC owns and leases real estate and personal property, primarily to the Medical Center

Conway Regional Health Foundation (the Foundation) is a not-for-profit organization whose mission and principal activities are to solicit and receive contributions of funds for the benefit of the Medical Center The Foundation's revenues and other support are derived principally from contributions in Faulkner County and surrounding areas The board of directors of the Foundation is elected annually by the board of directors of the Medical Center

The Medical Center owns a majority member interest of approximately 61 8% in Conway Regional Rehabilitation Hospital, LLC (CRRH) CRRH primarily earns revenue by providing inpatient rehabilitative care to patients in Conway, Arkansas, and surrounding areas in central Arkansas

Noncontrolling Interest

Noncontrolling interest represents the 38 2% member interest in CRRH owned by outside investors Noncontrolling interest is presented as a component of unrestricted net assets and the changes in net assets attributable to the noncontrolling interest are included in the consolidated changes in net assets Losses attributable the noncontrolling interest are allocated to the noncontrolling interest even if the carrying amount of the noncontrolling interest is reduced below zero Any changes in ownership that do not result in a loss of control are prospectively accounted for as net asset transactions

Changes in consolidated unrestricted net assets attributable to the controlling financial interests of the System and the noncontrolling interest are

	Total	Controlling Interest	Noncontrolling Interest
Balance, December 31, 2011	$ 111,224,807	$ 110,544,119	$ 680,688
Excess of revenues over expenses	1,513,758	1,099,203	414,555
Distributions to noncontrolling interest	(416,380)	-	(416,380)
Net assets released from restriction used for purchase of property and equipment	927,852	927,852	-
Reclassification of net assets based on management's interpretation of restrictions	(151,353)	(151,353)	-
Change in unrestricted net assets	1,873,877	1,875,702	(1,825)
Balance, December 31, 2012	113,098,684	112,419,821	678,863
Excess of revenues over expenses	6,097,132	5,759,373	337,759
Distributions to noncontrolling interest	(399,190)	-	(399,190)
Net assets released from restriction used for purchase of property and equipment	293,217	293,217	-
Contributions received for purchase of property and equipment	73,965	73,965	-
Reclassification of net assets based on management's interpretation of restrictions	81,108	81,108	-
Change in unrestricted net assets	6,146,232	6,207,663	(61,431)
Balance, December 31, 2013	$ 119,244,916	$ 118,627,484	$ 617,432

Use of Estimates

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

Cash and Cash Equivalents

The System considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents At December 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts and money market mutual funds

At December 31, 2013, the System's cash accounts exceeded federally insured limits by approximately $32,400,000, including $28,700,000 at one institution, with which the System has entered into repurchase agreements that provide securities serving as collateral for approximately $24,000,000 of this amount Management believes these institutions are financially stable and the credit risk related to these deposits is minimal

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value The investment in equity investee is reported on the equity method of accounting Investment return includes dividend and interest income and realized and unrealized gains and losses on investments carried at fair value

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustee under an indenture agreements, (2) assets restricted by donors and (3) assets set aside by the board of directors for future capital improvements over which the board of directors retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the System are included in current assets

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

Supplies

The System states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

Estimated useful lives for each major depreciable classification of property and equipment are as follows

Land improvements	2–25 years
Buildings and leasehold improvements	5–40 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the related asset is placed in service

The System capitalizes interest costs as a component of construction in progress, based on interest costs of any tax-exempt borrowing specifically for projects, net of interest earned on investments acquired with the proceeds of the borrowing Additionally, if there was no tax-exempt borrowing specifically for a particular project, the System capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing Total interest capitalized and incurred was

	2013	2012
Total interest expense incurred on borrowings for project	$ -	$ 248,350
Interest income from investment of proceeds of borrowings for project	-	159
Net interest cost capitalized related to tax-exempt borrowings	$ 0	$ 248,191
Total interest cost capitalized	$ 4,899	$ 692,143
Interest cost charged to expense	2,280,215	1,528,155
Total interest incurred	$ 2,285,114	$ 2,220,298

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the straight-line method

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose

Net Patient Service Revenue

The System has agreements with third-party payers that provide for payments to the System at amounts different from their established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known

Charity Care

The System provides care without charge or at amounts less than its established rates to patients meeting certain criteria under their charity care policies Because the System does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The related discount is amortized using the level-yield method and is reported as contribution revenue

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

Professional Liability Claims

The System recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any Professional liability claims are described more fully in *Note 7*

Income Taxes

The Medical Center and Foundation have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law As such, they are required to file IRS Form 990 on an annual basis and are no longer subject to U S federal income tax examinations by tax authorities for income tax returns filed for years before 2010 The Medical Center and Foundation are subject to federal income tax on any unrelated business taxable income CRRH is organized as an Arkansas limited liability company and is treated as a partnership for income tax purposes

ISC is subject to income taxes under the Internal Revenue Code and state law Due to limited income, no provision for federal or state income taxes has been included in these financial statements

Limited Liability Company

CRRH is organized as a limited liability company with a perpetual life and one class of members In accordance with the operating agreement, individual members are not personally liable for the debts, liabilities or obligations of CRRH beyond the capital account of the member, together with the member's share of the assets and undistributed profits of CRRH If an adverse or nonadverse terminating event, as defined by the operating agreement, shall occur with respect to any member, CRRH may elect to purchase the member's units within 90 days after CRRH has received actual knowledge of the occurrence of such a terminating event

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, distributions to noncontrolling interests, changes in noncontrolling interests that do not result in loss of control and contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purposes of acquiring such assets)

Self-Insurance

The System has elected to self-insure certain costs related to employee health and workers' compensation claims Annual estimated provisions are accrued for these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not reported Costs resulting from uninsured losses are charged to income when incurred The System has purchased insurance that limits its exposure for individual claims Total expenses for employee health insurance and workers' compensation claims for the years ended December 31, 2013 and 2012, were approximately $5,700,000 and $5,500,000, respectively

The System funds its portion of the self-insured retention for employee health and workers' compensation costs through a trust account The funds in the trust account are not assets of the System and are therefore not recorded on the accompanying consolidated balance sheets The funds in the trust were considered in the estimated accrued liabilities for claims incurred but not reported for the self-insured health insurance and workers' compensation claims at December 31, 2013 and 2012

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) Payments under the Medicare program are generally made for up to four years based on a statutory formula Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare & Medicaid Services Payment under both programs is contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period The final amount for any payment year is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

The Medical Center recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period

In 2013 and 2012, the Medical Center recorded EHR revenue of approximately $2,088,000 and $320,000, respectively, which is included in other revenue within operating revenues in the statements of operations

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation These reclassifications had no effect on the change in net assets

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were issued

Note 2: Net Patient Service Revenue

The System has agreements with third-party payers that provide for payments to the System at amounts different from their established rates

These payment arrangements include

Medicare—Inpatient acute care, inpatient rehabilitation and psychiatric services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors The System is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare administrative contractor

Medicaid—Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to certain cost limitations Outpatient Medicaid services are reimbursed based on a fee schedule for individual services provided The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid administrative contractor

In addition, the Medical Center receives supplemental Medicaid funds under the Arkansas Medicaid program's Upper Payment Limit (UPL) provisions The Medical Center is considered a "private hospital" under the UPL provisions and receives UPL payments based on a pro-rata share of a statewide pool based on Medicaid discharges Total funds received under the UPL provision were approximately $810,000 and $809,000 in 2013 and 2012, respectively

Based on its status as a private hospital, the Medical Center participates in the Arkansas Medicaid provider assessment program This program assesses a fee of no more than 5 5% on the net patient service revenue of private hospitals and allocates the proceeds to supplement Medicaid payments The federal government matches the assessment amount at a rate of approximately 3 to 1, and these amounts are allocated to private hospitals in Arkansas based on each hospital's share of total Medicaid patients Amounts recorded as provider assessment tax expenses under this program for the years ended December 31, 2013 and 2012, were approximately $1,600,000 and $1,700,000, respectively Amounts recorded for provider assessment revenues under this program for the years ended December 31, 2013 and 2012, were approximately $5,800,000 and $6,100,000, respectively

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended December 31, 2013 and 2012, for these major payer sources, is as follows

	2013	2012
Medicare	$ 53,893,816	$ 58,965,399
Medicaid	11,896,084	12,186,116
Other third-party payers	58,272,660	51,569,163
Self-pay	20,629,826	24,319,552
Total	$ 144,692,386	$ 147,040,230

Note 3: Concentration of Credit Risk

The System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of net receivables from patients and third-party payers at December 31, 2013 and 2012, is

	2013	2012
Medicare	37 %	42 %
Medicaid	6	7
Other third-party payers	51	49
Patients	6	2
	100 %	100 %

Note 4: Investments and Investment Return

Investments are represented in the consolidated balance sheets in the following captions and consist of the following

	2013	2012
Assets limited as to use		
Internally designated for capital acquisition		
Cash and cash equivalents	$ 5,679,284	$ 1,954,358
Certificates of deposit	3,587,233	3,570,778
U S Treasury obligations	1,845,057	1,829,506
Mortgage-backed securities	1,167,930	1,425,236
Equity mutual funds	2,036,988	2,032,403
Fixed income mutual funds	6,652,079	3,053,942
Equity exchange-traded funds	12,253,331	14,719,531
Fixed income exchange-traded funds	15,568,787	12,366,653
Equity securities	5,064,323	2,591,900
	53,855,012	43,544,307
Externally restricted by donors[1]		
Cash and cash equivalents	$ 320,302	509,838
Equity mutual funds	877	-
Fixed income mutual funds	74,875	-
Equity exchange-traded funds	553	-
Fixed income exchange-traded funds	72,928	-
	469,535	509,838
Held by trustee under indenture agreement		
Cash and cash equivalents	5,076,314	6,624,279
Interest receivable	49,458	49,458
	5,125,772	6,673,737
Short-term investments		
Certificates of deposit	716,868	713,914
Total System investments	$ 60,167,187	$ 51,441,796

[1] Excludes contributions receivable See *Note 5*

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	$ 994,789	$ 904,348
Realized and unrealized gains on investments	4,034,208	2,827,439
	$ 5,028,997	$ 3,731,787

Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows

	2013	2012
Unrestricted net assets	$ 5,025,431	$ 3,731,787
Temporarily restricted net assets	3,566	-
	$ 5,028,997	$ 3,731,787

Note 5: Contributions Receivable

As a result of the Foundation's fundraising activities, the System has recognized contributions receivable that have been restricted by donors At December 31, 2013 and 2012, the total contributions receivable balances of $433,106 and $728,711, respectively, are reflected on the accompanying consolidated balance sheets as assets limited as to use – externally restricted by donors At December 31, 2013 and 2012, $235,077 and $414,954, respectively, of contributions receivable were due in one to five years with the remaining balances due within one year

Note 6: Investment in Equity Investee

The investment in equity investee relates to a majority member interest of 74 41% in Conway Regional Surgery Management Company, LLC (CRSMC) as of December 31, 2012 CRSMC was not consolidated because the Medical Center did not control its operations Under the operating agreement, the Medical Center had the right to appoint three of the six members of the board of directors The operating agreement could only be amended with a 75% super majority

On April 1, 2013, CRSMC's board of directors decided to cease operations, liquidate CRSMC's assets and dissolve the corporation On May 31, 2013, CRSMC was dissolved and all of the remaining assets were distributed to the members The gain on dissolution is included in gain on investment in dissolved equity investee, and includes a write-down of a deferred lease asset of approximately $400,000

Financial position and results of operations of the investee are summarized below

	2013	2012
Current assets	$ -	$ 1,797,977
Property and long-term assets, net	-	1,786,929
Total assets	0	3,584,906
Current liabilities	-	190,450
Long-term liabilities	-	645,643
Total liabilities	0	836,093
Members' equity	$ 0	$ 2,748,813
Management fee and other operating revenue	$ 1,253,982	$ 4,002,713
Net income	$ 1,156,315	$ 561,572

CRSMC managed the Medical Center's ambulatory surgery department operations Accordingly, the Medical Center incurred expenses of approximately $1,250,000 and $4,000,000 for management fees and rental expense related to operations of this department during the years ended December 31, 2013 and 2012, respectively

Note 7: Professional Liability Claims

The System purchases medical malpractice insurance under a claims-made policy on a fixed premium basis Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered The System also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy

Management has accrued a provision for asserted claims based on advice from legal counsel and the deductible portion of medical malpractice claims and believes the provision is adequate to cover the ultimate losses, if any, from these claims Approximately $500,000 and $480,000 was accrued at December 31, 2013 and 2012, respectively It is reasonably possible that this estimate could change materially in the near term

Note 8: Long-term Debt

	2013	2012
Series 2012 bonds payable (A)	$ 17,005,000	$ 17,345,000
Series 2009 bonds payable (B)	26,250,000	27,350,000
Capital lease obligations (C)	1,582,626	2,723,717
	44,837,626	47,418,717
Unamortized premium on 2012 bonds payable	193,961	204,895
Unamortized discount on 2009 bonds payable	(290,557)	(321,547)
	44,741,030	47,302,065
Less current maturities	2,483,021	2,528,921
	$ 42,258,009	$ 44,773,144

(A) The Hospital Revenue Improvement Bonds consist of the City of Conway, Arkansas Health Facilities Board Hospital Revenue Improvement Bonds, Series 2012 (the Series 2012 Bonds) in the original amount of $18,150,000 dated March 15, 2012, which bear interest at 1 00% to 4 875% The Series 2012 Bonds are payable in annual installments through August 1, 2041 The Medical Center is required to make monthly deposits to the debt service fund of approximately $90,000

The City of Conway, Arkansas Health Facilities Board issued the Series 2012 Bonds on behalf of the Medical Center The Series 2012 Bonds are secured by the net revenues and accounts receivable of the Medical Center and the assets restricted under the bond indenture agreement The Series 2012 Bonds have not been guaranteed by the Health Facilities Board or the City of Conway, Arkansas

The indenture agreement requires that certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the consolidated financial statements The indenture agreement also requires the Medical Center to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1 2 to 1 0 and restrictions on incurrence of additional debt

(B) The Hospital Revenue Refunding Bonds consist of the City of Conway, Arkansas Health Facilities Board Hospital Revenue Refunding Bonds, Series 2009 (the Series 2009 Bonds) in the original amount of $30,000,000 dated August 1, 2009, which bear interest at 2 00% to 5 70% The Series 2009 Bonds are payable in annual installments through August 1, 2029 The Medical Center is required to make monthly deposits to the debt service fund of approximately $205,000

The City of Conway, Arkansas Health Facilities Board issued the Series 2009 Bonds on behalf of the Medical Center The Series 2009 Bonds are secured by the net revenues and accounts receivable of the Medical Center and the assets restricted under the bond indenture agreement The Series 2009 Bonds have not been guaranteed by the Health Facilities Board or the City of Conway, Arkansas

The indenture agreement requires that certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the financial statements The indenture agreement also requires the Medical Center to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1 2 to 1 0 and restrictions on incurrence of additional debt

(C) At varying rates of imputed interest from 2 2% to 7 5%, due through October 2017, collateralized by certain equipment

The legal ownership of the acute care facility premises (land and building) is held by the city of Conway, Arkansas The Medical Center leases the land and building for a nominal amount The lease expires September 30, 2098 Accordingly, the land and building are recorded in the Medical Center's financial statements

Property and equipment include the following property under capital lease

	2013	2012
Equipment	$ 5,109,394	$ 5,109,394
Less accumulated depreciation	3,730,727	2,572,797
	$ 1,378,667	$ 2,536,597

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at December 31, 2013, are

	Long-term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2014	$ 1,475,000	$ 1,061,614
2015	1,530,000	455,925
2016	1,580,000	111,938
2017	1,645,000	26,586
2018	1,710,000	-
Thereafter	35,315,000	-
	43,255,000	1,656,063
Unamortized premium on 2012 bonds payable	193,961	
Unamortized discounts on 2009 bonds payable	(290,557)	
	$ 43,158,404	
Less amount representing interest		73,437
Present value of future minimum lease payments		1,582,626
Less current maturities		1,008,021
Noncurrent portion		$ 574,605

The Medical Center also has two unused letters of credit as of December 31, 2013 One letter of credit is in the amount of $200,000 and serves the Medical Center's obligations for workers' compensation insurance The second letter of credit is in the amount of $300,000 for professional liability obligations No draws were made on either letter of credit in 2013 or 2012

Note 9: Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes

	2013	2012
Contributions receivable for capital purchases	$ 431,786	$ 818,300
Scholarships	206,008	183,845
Capital purchases	60,572	65,284
Employee assistance	28,313	41,796
Indigent care	49,098	47,137
Other	126,843	82,187
	$ 902,620	$ 1,238,549

During 2013 and 2012, net assets were released from donor restriction by satisfying the restricted purpose or meeting the time restriction in the amounts of $347,533 and $967,780, respectively

Note 10: Charity Care

In support of its mission, the System voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue

For the years ended December 31, 2013 and 2012, management estimates that the cost relating to these services was approximately $1,540,000 and $1,320,000, respectively, using a reasonable cost reimbursement methodology based upon the System's cost-to-charge ratio from the Medicare cost report

In addition to uncompensated charges, the System also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable Such programs include donations of medical supplies and equipment to local free clinics and local school nurse programs and donations of items for nonprofit organizations' charitable events The System also sponsors community and corporate health screenings and provides a residence for families of needy patients

Note 11: Functional Expenses

The System provides general health care services to residents within its geographic area Expenses related to providing these services are as follows

	2013	2012
Health care services	$ 108,511,486	$ 110,177,559
General and administrative	27,778,847	27,921,759
	$ 136,290,333	$ 138,099,318

Note 12: Operating Leases

The System leases various equipment and facilities under operating leases expiring at various dates Lease expense incurred under operating leases was approximately $1,100,000 and $1,700,000 for 2013 and 2012, respectively

Note 13: Pension Plan

The System has defined-contribution pension plans covering substantially all employees The board of directors annually determines the amount, if any, of the System's contribution to the plans Pension expense was approximately $900,000 and $1,000,000 for 2013 and 2012, respectively

Note 14: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs There is a hierarchy of three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Cash equivalents	$ 9,592,094	$ 9,592,094	$ -	$ -
U S Treasury obligations	1,845,057	-	1,845,057	-
Mortgage-backed securities	1,167,930	-	1,167,930	-
Equity mutual funds	2,037,865	2,037,865	-	-
Fixed income mutual fund	6,726,954	6,726,954	-	-
Equity exchange-traded funds	12,253,884	12,253,884	-	-
Fixed income exchange-traded funds	15,641,715	15,641,715	-	-
Equity securities	5,064,323	5,064,323	-	-
	$ 54,329,822	$ 51,316,835	$ 3,012,987	$ 0
December 31, 2012				
Cash equivalents	$ 7,622,463	$ 7,622,463	$ -	$ -
U S Treasury obligations	1,829,506	-	1,829,506	-
Mortgage-backed securities	1,425,236	-	1,425,236	-
Equity mutual funds	2,032,403	2,032,403	-	-
Fixed income mutual fund	3,053,942	3,053,942	-	-
Equity exchange-traded funds	14,719,531	14,719,531	-	-
Fixed income exchange-traded funds	12,366,653	12,366,653	-	-
Equity securities	2,591,900	2,591,900	-	-
	$ 45,641,634	$ 42,386,892	$ 3,254,742	$ 0

The following is a reconciliation of investments carried at fair value and the System's total investments

	2013	2012
Financial instruments carried at fair value	$ 54,329,822	$ 45,641,634
Financial instruments not carried at fair value		
Cash and cash equivalents	1,483,806	1,466,012
Certificates of deposit	4,304,101	4,284,692
Interest receivable	49,458	49,458
Total System investments	$ 60,167,187	$ 51,441,796

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2013

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The System did not hold any Level 3 securities at December 31, 2013 or 2012

Fair Value of Financial Instruments

The following table presents estimated fair values of the System's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Financial assets				
Cash and cash equivalents	$ 39,591,061	$ 39,591,061	$ -	$ -
Certificates of deposit	4,304,101	-	4,304,101	-
U S Treasury obligations	1,845,057	-	1,845,057	-
Mortgage-backed securities	1,167,930	-	1,167,930	-
Equity mutual funds	2,037,865	2,037,865	-	-
Fixed income mutual funds	6,726,954	6,726,954	-	-
Equity exchange-traded funds	12,253,884	12,253,884	-	-
Fixed income exchange-traded funds	15,641,715	15,641,715	-	-
Equity securities	5,064,323	5,064,323	-	-
Contributions receivable	433,106	-	433,106	-
Interest receivable	49,458	49,458	-	-
Financial liabilities				
Long-term debt exclusive of capital leases	43,158,404	-	42,767,523	-
December 31, 2012				
Financial assets				
Cash and cash equivalents	$ 36,092,861	$ 36,092,861	$ -	$ -
Certificates of deposit	4,284,692	-	4,284,692	-
U S Treasury obligations	1,829,506	-	1,829,506	-
Mortgage-backed securities	1,425,236	-	1,425,236	-
Equity mutual funds	2,032,403	2,032,403	-	-
Fixed income mutual funds	3,053,942	3,053,942	-	-
Equity exchange-traded funds	14,719,531	14,719,531	-	-
Fixed income-exchange traded funds	12,366,653	12,366,653	-	-
Equity securities	2,591,900	2,591,900	-	-
Contributions receivable	728,711	-	728,711	-
Interest receivable	49,458	49,458	-	-
Financial liabilities				
Long-term debt exclusive of capital leases	44,578,348	-	48,910,419	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair values

Cash, Cash Equivalents, Certificates of Deposit and Interest Receivable

The carrying amount approximates fair value

Notes and Contributions Receivable

Fair value is estimated using discounted cash flow models

Notes Payable and Long-term Debt

Fair value is estimated based on the borrowing rates currently available to the System for bank loans with similar terms and maturities

Note 15: Asset Retirement Obligations

Accounting principles generally accepted in the United States of America require that an asset retirement obligation associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable even when the timing and/or method of settlement may be conditional on a future event The System's conditional asset retirement obligations primarily relate to asbestos contained in buildings that the System leases Environmental regulations exist in the state of Arkansas that require the System to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished

A summary of changes in asset retirement obligations for the years ended December 31, 2013 and 2012, is included in the table below

	2013	2012
Liability, beginning of year	$ 662,527	$ 636,351
Accretion expense	25,878	26,176
Liability, end of year	$ 688,405	$ 662,527

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Self-Funded Health Insurance

Estimates related to the accrual for employee health insurance claims are described in *Note 1*

Professional Liability Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *7*

Admitting Physicians

The Medical Center is served by two admitting physician groups whose patients collectively comprised approximately 28% of the Medical Center's net patient service revenue in 2013

Litigation

In the normal course of business, the System is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the System's commercial insurance, for example, allegations regarding performance of contracts The System evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Asset Retirement Obligations

Estimates related to the accrual for asset retirement obligations are described in *Note 15* The actual amount of these obligations could differ materially from the estimates reflected in these consolidated financial statements

Investments

The System invests in various investment securities Investment securities are exposed to various risks such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets

Note 17: Related Party Transactions

During 2013, the System entered into a transaction with a company, whose president was a System board member, to lease a billboard for one year totaling $5,400 In 2012, the System entered into a transaction with a company, whose president was a System board member, to purchase a cooling tower for $64,000 During 2013 and 2012, the System paid dues, insurance, rent, utilities and other costs to Conway Regional Physician-Hospital Organization (CRPHO) in the amount of $227,000 and $186,000, respectively CRPHO is a related nonprofit corporation organized to negotiate, enter into and facilitate managed care contracts with potential providers and subscribers, as well as provide education for physician members CRMC may elect six of the 13 members of the CRPHO Board of Directors

Note 18: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies

Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products Another significant component of PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased Each state's participation in an expanded Medicaid program is optional While the State of Arkansas recently enacted a form of Medicaid expansion using private insurance companies, how that will affect provider reimbursement is still unclear

PPACA is extremely complex and may be difficult for the federal government and each state to implement While the overall impact of PPACA cannot currently be estimated, it is possible that it will have a negative impact on the System's net patient service revenue Additionally, it is possible the System will experience payment delays and other operational challenges during PPACA's implementation

Supplementary Information

Conway Regional Medical Center, Inc.

Consolidating Schedule – Balance Sheet Information

December 31, 2013

Assets

	Conway Regional Medical Center, Inc.	Institutional Services Corporation
Current Assets		
Cash and cash equivalents	$ 24,032,763	$ 335,500
Short-term investments	-	-
Assets limited as to use – current	1,498,184	-
Patient accounts receivable, net	13,767,233	-
Other receivables	850,845	-
Supplies	2,910,806	-
Due from affiliates	47,210	7,264
Estimated amounts due from third-party payers	1,140,359	-
Prepaid expenses and other	810,360	821
Total current assets	45,057,760	343,585
Assets Limited as to Use		
Internally designated	53,170,075	-
Externally restricted by donors	-	-
Held by trustee	5,125,772	-
	58,295,847	0
Less amount required to meet current obligations	1,498,184	-
	56,797,663	0
Investments in Equity Investees	3,426,525	-
Property and Equipment, at Cost		
Land and land improvements	1,393,749	174,206
Buildings and leasehold improvements	91,927,501	786,984
Equipment	77,974,056	194,348
Construction in progress	202,188	-
	171,497,494	1,155,538
Less accumulated depreciation	110,331,648	910,869
	61,165,846	244,669
Other Assets		
Deferred lease receivable	-	-
Deferred financing costs	651,243	-
	651,243	0
Total assets	$ 167,099,037	$ 588,254

Conway Regional Health Foundation, Inc.	Conway Regional Rehabilitation Hospital, LLC	Eliminations	Consolidated
$ 3,966,037	$ 180,861	$ -	$ 28,515,161
-	716,868	-	716,868
-	-	-	1,498,184
-	819,791	-	14,587,024
39,332	-	-	890,177
9,529	53,510	-	2,973,845
19,895	-	(74,369)	0
-	-	-	1,140,359
27,447	18,550	-	857,178
4,062,240	1,789,580	(74,369)	51,178,796
424,937	260,000	-	53,855,012
902,641	-	-	902,641
-	-	-	5,125,772
1,327,578	260,000	0	59,883,425
-	-	-	1,498,184
1,327,578	260,000	0	58,385,241
-	-	(3,426,525)	0
4,145,063	-	157,230	5,870,248
17,443,665	2,055,104	1,277,922	113,491,176
50,066	1,241,229	-	79,459,699
34,167	-	-	236,355
21,672,961	3,296,333	1,435,152	199,057,478
11,572,052	2,419,647	1,269,606	126,503,822
10,100,909	876,686	165,546	72,553,656
878,231	-	(878,231)	0
-	-	-	651,243
878,231	0	(878,231)	651,243
$ 16,368,958	$ 2,926,266	$ (4,213,579)	$ 182,768,936

Conway Regional Medical Center, Inc.

Consolidating Schedule – Balance Sheet Information (Continued)

December 31, 2013

Liabilities and Net Assets

	Conway Regional Medical Center, Inc.	Institutional Services Corporation
Current Liabilities		
Current maturities of long-term debt	$ 2,469,506	$ -
Accounts payable	5,480,316	759
Accrued expenses	7,308,453	14,435
Estimated amounts due to third-party payers	3,821,748	-
Due to affiliates	27,129	-
Total current liabilities	19,107,152	15,194
Asset Retirement Obligations	688,405	-
Deferred Lease Liability	-	-
Long-term Debt	42,258,009	-
Total liabilities	62,053,566	15,194
Net Assets		
Common stock	-	1,200
Additional paid-in capital	-	740,825
Retained earnings (deficit)	-	(168,965)
Unrestricted		
Conway Regional Medical Center, Inc	105,045,471	-
Noncontrolling interest	-	-
Total unrestricted net assets	105,045,471	573,060
Temporarily restricted	-	-
Total net assets	105,045,471	573,060
Total liabilities and net assets	$ 167,099,037	$ 588,254

Conway Regional Health Foundation, Inc.	Conway Regional Rehabilitation Hospital, LLC	Eliminations	Consolidated
$ -	$ 13.515	$ -	$ 2.483.021
15.966	199.379	-	5.696.420
172.619	135.643	-	7.631.150
-	42.647	-	3.864.395
6.704	40.536	(74.369)	0
195.289	431.720	(74.369)	19.674.986
-	-	-	688.405
-	878.231	(878.231)	0
-	-	-	42.258.009
195.289	1.309.951	(952.600)	62.621.400
-	-	(1.200)	0
-	-	(740.825)	0
-	-	168.965	0
15.271.049	1.616.315	(3.305.351)	118.627.484
-	-	617.432	617.432
15.271.049	1.616.315	(3.260.979)	119.244.916
902.620	-	-	902.620
16.173.669	1.616.315	(3.260.979)	120.147.536
$ 16.368.958	$ 2.926.266	$ (4.213.579)	$ 182.768.936

Conway Regional Medical Center, Inc.

Consolidating Schedule – Statement of Operations Information

Year Ended December 31, 2013

	Conway Regional Medical Center, Inc.	Institutional Services Corporation
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual allowances and discounts)	$ 138,976,873	$ -
Provision for uncollectible accounts	(15,939,153)	-
Net patient service revenue less provision for uncollectible accounts	123,037,720	0
Net assets released from restrictions used for operations	-	-
Other	8,034,207	87,173
Total unrestricted revenues, gains and other support	131,071,927	87,173
Expenses and Losses		
Salaries and wages	48,136,184	-
Employee benefits	10,897,685	-
Supplies and other	60,662,032	29,917
Depreciation, amortization and accretion	9,029,665	16,965
Interest	2,279,049	-
Total expenses and losses	131,004,615	46,882
Operating Income (Loss)	67,312	40,291
Other Income		
Investment return	4,970,487	2,289
Gain on disposal of assets	81,124	-
Gain on investments in equity investees	1,174,026	-
Total other income	6,225,637	2,289
Excess (Deficiency) of Revenues over Expenses	6,292,949	42,580
Distributions to noncontrolling interest	-	-
Distributions to Medical Center	-	-
Net assets released from restriction used for purchase of property and equipment	-	-
Contributions from Conway Regional Health Foundation, Inc for purchase of property and equipment	704,002	-
Contributions received for purchase of property and equipment	-	-
Reclassification of net assets based on management's interpretation of restrictions	-	-
Increase (Decrease) in Unrestricted Net Assets	$ 6,996,951	$ 42,580

Conway Regional Health Foundation, Inc.	Conway Regional Rehabilitation Hospital, LLC	Eliminations	Consolidated
$ -	$ 5,715,513	$ -	$ 144,692,386
-	(74,716)	-	(16,013,869)
0	5,640,797	0	128,678,517
54,316	-	-	54,316
1,716,361	4,215	(1,513,625)	8,328,331
1,770,677	5,645,012	(1,513,625)	137,061,164
-	1,406,683	-	49,542,867
-	273,299	-	11,170,984
1,416,330	2,845,859	(1,904,245)	63,049,893
905,190	242,017	52,537	10,246,374
-	1,166	-	2,280,215
2,321,520	4,769,024	(1,851,708)	136,290,333
(550,843)	875,988	338,083	770,831
45,555	7,100	-	5,025,431
-	1,100	-	82,224
-	-	(955,380)	218,646
45,555	8,200	(955,380)	5,326,301
(505,288)	884,188	(617,297)	6,097,132
-	(399,190)	-	(399,190)
-	(645,810)	645,810	0
324,884	-	(31,667)	293,217
(704,002)	-	-	0
73,965	-	-	73,965
81,108	-	-	81,108
$ (729,333)	$ (160,812)	$ (3,154)	$ 6,146,232

Conway Regional Medical Center, Inc.

Consolidating Schedule – Statement of Changes in Net Assets

Year Ended December 31, 2013

	Conway Regional Medical Center, Inc.	Institutional Services Corporation
Unrestricted Net Assets		
Excess (deficiency) of revenues over expenses	$ 6,292,949	$ 42,580
Distributions to noncontrolling interest	-	-
Distributions to Medical Center	-	-
Net assets released from restriction used for purchase of property and equipment	-	-
Contributions from Conway Regional Health Foundation, Inc for purchase of property and equipment	704,002	-
Contributions received for purchase of property and equipment	-	-
Reclassification of net assets based on management's interpretation of restrictions	-	-
Increase (decrease) in unrestricted net assets	6,996,951	42,580
Temporarily Restricted Net Assets		
Contributions received	-	-
Investment return	-	-
Net assets released from restriction	-	-
Reclassification of net assets based on management's interpretation of restrictions	-	-
Increase (decrease) in temporarily restricted net assets	0	0
Change in Net Assets	6,996,951	42,580
Net Assets, Beginning of Year	98,048,520	530,480
Net Assets, End of Year	$ 105,045,471	$ 573,060

Conway Regional Health Foundation, Inc.	Conway Regional Rehabilitation Hospital, LLC	Eliminations	Consolidated
$ (505,288)	$ 884,188	$ (617,297)	$ 6,097,132
-	(399,190)	-	(399,190)
-	(645,810)	645,810	0
324,884	-	(31,667)	293,217
(704,002)	-	-	0
73,965	-	-	73,965
81,108	-	-	81,108
(729,333)	(160,812)	(3,154)	6,146,232
89,146	-	-	89,146
3,566	-	-	3,566
(379,200)	-	31,667	(347,533)
(81,108)	-	-	(81,108)
(367,596)	0	31,667	(335,929)
(1,096,929)	(160,812)	28,513	5,810,303
17,270,598	1,777,127	(3,289,492)	114,337,233
$ 16,173,669	$ 1,616,315	$ (3,260,979)	$ 120,147,536

Conway Regional Health System

Implementation Strategy

For FY2013 – 2015

Conway Regional has been meeting the health needs of Faulkner County residents for 74 years. Organized in 1938, Conway Regional's mission states that we are accountable to the community to provide high-quality, compassionate health care services.

Conway Regional is a 154 bed hospital located in Conway, Arkansas. More than half of the patients seen at Conway Regional are residents of Conway; just over 20% come from the surrounding areas of Faulkner County and a little less than 20% come from the surrounding counties of Cleburne, Conway, Perry and Van Buren.

Target Areas and Population

Conway Regional Health System focused the Community Health Needs Assessment (CHNA) on Faulkner County. While Conway Regional serves a five county area, it was decided that we would focus on our primary service area, Faulkner County, and then grow programs and support for the secondary service area of Cleburne, Conway, Perry and Van Buren Counties.

How the Implementation Strategy was Developed

Conway Regional's Implementation Strategy was developed in partnership with Stratasan, an analytics company out of Nashville, Tennessee, based on the findings and priorities established through the CHNA and a review of the hospital's existing community benefit plan.

Conway Regional is part of the Human Services Coalition that serves Faulkner County. This coalition recognized the opportunity to evaluate the needs of the community. Conway Regional, with the support of other coalition members, moved forward and provided all financial support for the collection, assessment and distribution of data. To ensure the input of persons with broad knowledge of the community we worked with a number of community and health organizations throughout the process including:

- City of Conway/Faulkner County Government

- Faulkner County Health Department/HomeTown Health Initiative of Faulkner County
- State of Arkansas Department of Health
- United Way of Central Arkansas

In addition to these organizations we also used focus groups, a community summit and telephone survey to involve the general public in the needs assessment process.

Conway Regional has pinpointed key individuals in the hospital to champion our priority areas determined through the needs assessment process. The champions will work with individuals and organizations in the community to help reach the established goals.

Major Needs and How Priorities were Established

With support from Stratasan, Conway Regional undertook a structured approach to review public health data, conduct focus groups (with help from the United Way of Central Arkansas), conduct phone surveys and establish a Community Health Summit with key community people. The assessment resulted in 11 health needs identified for Faulkner County: obesity, wellness, physician/clinical workforce, access to care, chronic disease, exercise, diet and nutrition, health education, healthcare affordability, personal responsibility and smoking/drinking/drug abuse.

Based on the findings Conway Regional determined there were three key areas to focus on: obesity, wellness and physician/clinical workforce. These areas were determined to be a priority because of the number of people affected and the preventative measures that could be taken to impact the health of the community.

Conway Regional's review of current community benefit programs found that the hospital was already working on and impacting several of the established needs through the current community benefit programs and charity care: Medicaid and SCHIP services as well as continuing health professional education programs.

Description of What Conway Regional Health System will do to Address Community Needs

Conway Regional pinpointed key individuals in the hospital to champion each of the priority areas determined through the needs assessment. These individuals will work with people in the community to help reach the established goals. Each champion has a group to assist with their goals, whether it be the hospital's community benefit representative, members of the Human Services Coalition or other key community people.

The three focus areas for Conway Regional for this assessment period are obesity, wellness and physician/clinical workforce.

In addition, Conway Regional will continue to meet community needs by providing charity care; Medicaid and SCHIP services; community benefit programs and continuing health professional education programs.

Action Plans

Obesity

Goal: Conway Regional Health & Fitness Center will work to expand participation in Kids Run Arkansas® by 5% The program is offered to children of all ages throughout Faulkner County & surroundings counties.
Objective: Kids Run Arkansas® is a collaboration between Conway Regional and Physical Education coaches and teachers in the schools in Faulkner County.
Objective: This is a family-friendly event which promotes activity to the entire family. Information about Kids Run Arkansas® will continue to be promoted through fliers, website, newspaper and word of mouth; and targeted email marketing.

Goal: Conway Regional will begin the Great Faulkner County Workout in order to promote a healthier lifestyle and decrease obesity in Faulkner County.
Objective: This program will mirror the Great Arkansas Workout offered by the Governor's Council on Fitness.
Objective: The program will be designed and promoted to all 4th grade students in Faulkner County.

Wellness

Goal: Conway Regional will work with businesses throughout Faulkner County to start or expand biometric based, corporate wellness programs by three to five each year for the next three years.
Objective: Conway Regional will meet with eight to ten employers each year to encourage the development and implementation of biometric based, wellness programs.

Physician/Clinical Workforce

Goal: Conway Regional will work to recruit 75% of the total number of physicians from Conway Regional's strategic plan which lists the top recruitment priority areas as defined annually over the next three years.
Objective: Each year Conway Regional re-evaluates the need for physicians based

on new survey data, current physician activity and demographics. In order to identify a priority area for physician need, Conway Regional takes into account information such as population to physician ratio, market share, number of physicians accepting new patients, wait times, demographic information and community input. Once the needed areas are determined, Conway Regional utilizes in-house recruiters to identify, interview and recruit prospective physicians; local physicians input and assistance on recruiting and onboarding prospective candidates; utilize physician search database, external recruiting agencies to identify prospective physicians and contract with the University of Arkansas School for Medical Sciences (UAMS) to display and communicate physician opportunities to prospective physicians. Once physicians have been identified, Conway Regional utilizes mailings, phone calls, recruitment agencies and word of mouth to reach the physicians.

Objective: Over the next three years, we will continue to evaluate physician needs and adjust the priority areas as necessary in order to work toward recruiting the physicians needed to properly serve the community.

Next Steps for Priorities

For each of the priority areas listed above, Conway Regional will work with community partners to:

- Identify any related activities being conducted by others in the community that could be built upon.
- Continue to develop measureable goals and objectives so that their effectiveness can be measured
- Build support for the initiatives within the community and among other health care providers.
- Develop detailed work plans.

Needs not being Addressed and the Reasons

Conway Regional will continue initiatives that are already in place to educate and influence the habits of people in Faulkner County. These include the dietetics staff working to improve the healthy food offered through the hospital cafeteria for employees and visitors, multiple support groups, a diabetes education program, a diabetes management program as well as participation in health fairs and speaking engagements throughout the community promoting health.

Smoking/Drinking/Drug Abuse

Conway Regional offers a smoking cessation program for our employees through an

employee based wellness program but does not currently offer this service to the community. As the wellness programs increase in Conway and Faulkner County, smoking cessation will most likely be one aspect the individual organizations will add to their benefits. Currently, support and resources are available through Community Services, Inc. as they have an initiative in place to decrease smoking in Faulkner County.

Access to Care

The need for increased Physician/Clinical Workforce should impact the overall access to care. One way we are increasing access is a collaboration with UAMS Center for Distance Health that allows Conway Regional to provide emergency room patients, experiencing a stroke, lifesaving treatment. The program provides patients with access to specially trained neurologists through two-way video 24 hours a day, 7 days a week. We also continue efforts to recruit physicians and clinical staff. As the availability of physicians increases, the need for access should decrease Conway Regional will continue efforts to recruit physicians but there is not a point established where all physician needs or access needs will be met.

Exercise and Diet & Nutrition

The needs for exercise as well as diet and nutrition should be impacted through the obesity and wellness initiatives. While not the primary focus of Conway Regional, it is felt the increase in wellness programs and obesity efforts should have a positive impact on these areas. Conway Regional will continue to offer workout and nutrition services currently available through the Conway Regional Health & Fitness Center and nutrition and exercise topics through the hospital speaker's bureau

Healthcare Affordability

Healthcare affordability is another area that Conway Regional will not directly address' however, we are involved in lobbying for the Medicaid expansion as well as other issues that are important to healthcare and our patients. We will continue these efforts to ensure that the local voice is heard.

Health Education

Health education is an area that has been included in our community benefit programs in the past. Between health fairs and the speaker's bureau, Conway Regional will continue to educate the community about areas of interest/concern. Because efforts are already in place, health education was not considered as pressing for Faulkner County as other needs. Conway Regional will continue to

support efforts already in place but does not have plans in place to add resources specifically for health education.

Personal Responsibility and Chronic Disease

Personal responsibility and chronic disease are very broad topics that would be hard for Conway Regional to impact all aspects. While we have a diabetes education/support program and weight management program it seems chronic disease is too broad for us to have a true impact on. Personal responsibility is just that, personal. We can educate the community but it is up to each individual to use the tools

While there are defined needs for Faulkner County that are not established as areas of focus for Conway Regional, we will work with the community if a program arises to impact these areas. It was concluded that many of the needs found through the needs assessment will see indirect effects from Conway Regional's focus on our three priority areas.

Approval

Each year the Conway Regional Board of Directors review the allocation of funds and resources for community benefit and adjusts the resources as needed. The implementation strategy addresses Conway Regional's priority for community needs and will be evaluated annually for updates. This report was prepared for the January 28, 2013 meeting of the Board of Directors.

Conway Regional Health System Board of Directors Approval:

Bart Throneberry, MD
Conway Regional Health System
Board of Directors - Chairman

1/28/13
Date

James M. Lambert, FACHE
Conway Regional Health System
President and CEO

1/28/13
Date