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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

WASHINGTON REGIONAL IS COMMITTED TO IMPROVING THE HEALTH OF PEOPLE IN COMMUNITIES WE SERVE THROUGH COMPASSIONATE, HIGH QUALITY CARE, PREVENTION AND WELLNESS EDUCATION

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 \$ 115,316,145 including grants of \$) (Revenue \$ 173,251,859)

Ancillary Support Services Services offered in 2013 by Washington Regional Medical Center included surgery, recovery, labor and delivery, central supply, IV therapy, laboratory, radiology and special imaging, pharmacy, respiratory therapy, physical therapy, and occupational therapy A number of these services were available as outpatient services Washington Regional Medical Center also offered pulmonary rehabilitation and diabetic education programs, a sleep disorders center, a wound care clinic, and outpatient cardiac rehabilitation Washington Regional's surgery service performed 13,583 inpatient and outpatient surgeries The central services department provided 1,533,525 supply items to patients being treated Laboratory tests performed totaled 631,925 Radiology diagnostic procedures that included items such as x-rays, CT scans, ultrasound, cardiac catheterization, and nuclear images totaled 102,788 procedures Washington Regional also performed 3,701 magnetic resonance imaging scans The pharmacy sold patients 2,417,841 items, and respiratory therapy performed tests and treatments totaling 549,697 relative values The wound care center performed 5,473 treatments Pastoral care, case management, and volunteer services were offered at no cost to patients Our chaplains, who worked closely with local ministers, served as liaisons between patients and their faith groups to provide spiritual and emotional support when needed Case management helped patients and families locate community resources, home care, and financial assistance when needed after leaving the hospital

4b

(Code) (Expenses \$ 30,766,763 including grants of \$) (Revenue \$ 21,774,684)

General Inpatient Services Washington Regional Medical Center is committed to providing a wide range of services to meet the general healthcare needs of its service population General inpatient services in 2013 included internal medicine, geriatric health, obstetrics and gynecology, pediatrics, cardiology, cardiovascular surgery, intensive care, coronary intensive care, oncology, and orthopedics Also included in general inpatient services are nursing services, nursing education, admissions services, medical records, quality assurance, case coordination, and central scheduling Washington Regional continues to provide "intensivists" - physicians who specialize in caring for critically ill patients in the Medical Center's critical care unit Staffed by physicians from our Pulmonology team, these highly trained and experienced medical specialists coordinate the care provided by nurses, respiratory therapists and others as needed by the patient They provide continuous clinical assessment and are able to address even the most subtle changes in clinical conditions At Washington Regional, hospitalists, physicians who specialize in caring for hospitalized patients, are on site to provide ongoing and immediate care They work as partners with our physicians and nursing staff to provide the highest standard of care during a patient's hospital stay The benefits to patients are numerous Timing is often critical when making decisions about the needs of hospitalized patients Having these physicians available in the hospital enables instant care coordination between the hospitalist and nurses They can modify treatment or follow-up on a test result on the spot, instead of waiting until the next day This hands-on approach not only helps prevent medical complications, but also results in reduced hospital stays and lower costs Last year Washington Regional introduced a Palliative Care Team consisting of a physician as medical director, a nurse, a social worker and a chaplain Palliative care, a medical specialty focusing on the unique needs of patients who have complex health issues, aims to improve a patient's quality of life by managing troubling symptoms, relieving stress and providing emotional, spiritual and practical support As part of its commitment to provide patient-centered care for older adults, Washington Regional continued to grow its Geriatric Resource Nurse (GRN) program, which is one component of the hospital's NICHE designation NICHE (Nurses improving Care for Healthsystem Elders) is the only national designation indicating a hospital's commitment to elder care Washington Regional was selected in 2013 by the Huntington Study Group as one of the sites for a multicenter study of a new drug for the treatment of Huntington Disease Washington Regional's Total Joint Center's program for knees, hips and shoulders earned the Gold Seal of Approval in 2013 from The Joint Commission, the nation's leading hospital accrediting agency Washington Regional had 12,221 acute admissions in 2013 and provided 50,020 days of inpatient acute care (This included 8,143 intensive care days and cardiac critical care days) The average length of an inpatient hospital stay in 2013 was 4.09 days There were 1,108 babies born at Washington Regional in 2013, and 3,562 days of nursery care provided Washington Regional continues its participation in the Exclusive Breastfeeding perinatal core measure as defined by the Arkansas Foundation for Medical Care The March of Dimes recognized Washington Regional in 2013 for its success in reducing the number of elective inductions and cesarean deliveries performed before 39 completed weeks of pregnancy - giving more babies a health start in life

4c

(Code) (Expenses \$ 8,329,518 including grants of \$) (Revenue \$ 14,746,109)

Emergency Services Washington Regional's emergency physicians and staff, backed by the resources of more than 331 physicians on the medical staff, provided medical services to 49,271 patients in 2013 Washington Regional Medical Center's emergency department provided services regardless of patients' ability to pay Washington Regional continued their valuable service to the community in 2013 by partnering with the University of Arkansas for Medical Sciences (UAMS) to provide lifesaving emergency care for stroke patients Called Arkansas SAVES (Stroke Assistance through Virtual Emergency Support), the program uses a high-tech video communications system that enables WRMC emergency physicians and stroke neurologists from UAMS to administer lifesaving treatments 24 hours a day In 2013 Washington Regional again achieved full accreditation as a Chest Pain Center with PCI (percutaneous coronary intervention) from the Society of Cardiovascular Patient Care As an accredited Chest Pain Center, Washington Regional ensures that patients who arrive at the hospital with chest pain or other heart attack symptoms receive the rapid treatment necessary during the critical window of time when the integrity of the heart muscle can be preserved Physicians and staff also provide a public service by responding to news media requests for community health information such as accident prevention, emergency management and avoiding weather-related illnesses The emergency department is capable of providing care for as many as 70,000 patient visits annually with its 46 treatment rooms and has earned Level 2 Trauma Center designation from the Arkansas Department of Health As the area's only Level 2 Trauma Center, Washington Regional provides the highest level of emergency care in Northwest Arkansas region Washington Regional is committed to providing certain specialty services to the region By providing these services, fewer patients from the Northwest Arkansas Region need to travel away from their homes and families for the care they need The Trauma System grants helps to offset a portion of the expenses incurred while remaining in a state of continuous readiness

(Code) (Expenses \$ 7,053,021 including grants of \$) (Revenue \$ 8,428,252)

HOME HEALTH AND HOSPICE

(Code) (Expenses \$ 4,898,661 including grants of \$) (Revenue \$ 732,111)

COMMUNITY BENEFITS AND OTHER

4d

Other program services (Describe in Schedule O)



















(Expenses \$ 11,951,682 including grants of \$) (Revenue \$ 9,160,363)

4e

Total program service expenses

166,364,108

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? 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

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

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	9	
	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		
1b	Enter the number of voting members included in line 1a, above, who are independent	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	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	8a	Yes
8b	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
10b	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
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	a The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ACCOUNTING DEPARTMENT 3215 N NORTH HILLS BLVD FAYETTEVILLE, AR 72703 (479) 463-1154

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) Dorothy J Hanby Chairman		X								
(2) Timothy T Helder Vice Chairman		X								
(3) Greg W Lee Secretary		X								
(4) Woodson W Bassett III Esquire Director		X								
(5) Ann B Rosso Director		X								
(6) M Gareth Eck MD Director		X								
(7) Anthony N Hui MD Director		X								
(8) Sharon Gaber Director		X								
(9) Mark Thomas MD Director		X								
(10) William L Bradley President/CEO	40 0			X				650,553		108,848
(11) Mark A Bever Exec VP/Admin	40 0			X				383,141		60,575
(12) James L Shackelford SVP, Outreach Services	40 0			X				343,005		63,025
(13) Thomas J Olmstead SR VP/Gen Counsel	40 0			X				373,991		65,637
(14) David G Ratcliff MD Chief Medical Officer	40 0			X				324,284	99,151	75,967
(15) Daniel R Eckels SR VP/CFO	40 0			X				341,697		58,955
(16) Claudia A Williams Chief Nurse Officer	40 0				X			220,556		37,797
(17) Rebecca D Magee SR VP/CIO	40 0				X			286,899		50,695

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	3,896,812	145,553	624,866

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 13

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*

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*

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*

Section B. Independent Contractors

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

(A)	(B)	(C)
Name and business address	Description of services	Compensation
OZARK REGIONAL ANESTHESIA, PO BOX 6340 FAYETTEVILLE AR 72702	ANESTHESIA	2,120,575
EXECUTIVE HEALTH RESOURCES, PO BOX 822688 PHILADELPHIA PA 19182	PATIENT STATUS	467,030
MEDICAL ASSOCIATES OF NWA, 3383 N MANA COURT FAYETTEVILLE AR 72703	INTENSIVIST SERVICES	706,176
NW PERFUSION SERVICES, 3276 N NORTH HILLS BLVD FAYETTEVILLE AR 72703	PERFUSION SERVICES	492,579
NWA PATHOLOGY ASSOC, 390 E LONGVIEW ST FAYETTEVILLE AR 72703	PATHOLOGY SERVICES	560,400

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 ▶5

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	925,000			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	836,927			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		1,761,927			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 900099	213,325,049	213,325,049		
	b	REFERENCE LAB	611430	2,448,202	1,292,598	1,155,604	
	c	REGENCY HOSPITAL SERVICES	541900	1,223,704		1,223,704	
	d	EXERCISE CENTER	713940	539,764	539,764		
	e	CAFETERIA SALES	111000	1,177,872		1,177,872	
	f	All other program service revenue		6,339,788	6,116,250	68,754	
	g	Total. Add lines 2a-2f		225,054,379			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		7,623,307	7,623,307	
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		Gross rents	(i) Real 390,319	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	390,319	0		
		d	Net rental income or (loss)		390,319		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 40,500			
		b	Less cost or other basis and sales expenses		101,710		
		c	Gain or (loss)		-61,210		
		d	Net gain or (loss)		-61,210		
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							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		0				
12	Total revenue. See Instructions		234,768,722	228,896,968	2,448,062	1,332,656	

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.	4,415,823	4,415,823		
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.	3,445,625		3,445,625	
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.	73,853,756	63,378,098	10,177,964	297,694
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,356,447	1,939,078	408,444	8,925
9	Other employee benefits.	7,775,299	6,377,526	1,368,086	29,687
10	Payroll taxes.	5,507,766	4,571,498	915,113	21,155
11	Fees for services (non-employees):				
a	Management.	32,481	94	32,387	
b	Legal.	127,739		127,739	
c	Accounting.	418,778	13,847	404,931	
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	171,725		171,725	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	7,112,644	5,494,090	1,618,554	
12	Advertising and promotion.	575,208	47,897	512,430	14,881
13	Office expenses.	2,798,190	747,127	2,042,256	8,807
14	Information technology.	5,315,328	5,287,381	27,947	
15	Royalties.	0			
16	Occupancy.	2,892,458	2,335,844	554,434	2,180
17	Travel.	514,521	346,777	155,040	12,704
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	190,736	59,222	126,915	4,599
20	Interest.	4,958,206		4,958,206	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	13,471,786	9,208,149	4,262,198	1,439
23	Insurance.	1,152,226	7,900	1,144,326	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	MEDICAL SUPPLIES	49,441,425	49,290,129	151,198	98
b	PURCHASED SERVICES	7,786,884	5,120,050	2,634,991	31,843
c	REPAIRS AND MAINTENANCE	3,636,403	2,612,013	1,024,390	
d	NON CAPITAL EQUIPMENT	1,799,705	1,667,770	127,764	4,171
e	All other expenses	4,373,849	3,443,795	924,619	5,435
25	Total functional expenses. Add lines 1 through 24e.	204,125,008	166,364,108	37,317,282	443,618
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		59,954	1	28,134
	2	Savings and temporary cash investments		17,896,791	2	21,822,663
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		35,692,951	4	37,117,482
	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		3,010,330	8	3,047,238
	9	Prepaid expenses and deferred charges		2,050,664	9	1,787,109
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a259,217,059	136,816,111	10c	131,457,057
	b	Less: accumulated depreciation	10b127,760,002			
	11	Investments—publicly traded securities		90,813,667	11	102,589,361
	12	Investments—other securities. See Part IV, line 11.		284	12	578,793
	13	Investments—program-related. See Part IV, line 11.		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets. See Part IV, line 11.		26,633,617	15	27,221,059
	16	Total assets. Add lines 1 through 15 (must equal line 34).		312,974,369	16	325,648,896
Liabilities	17	Accounts payable and accrued expenses		24,691,910	17	22,876,725
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		101,525,212	20	98,749,531
	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		2,163,820	23	1,781,014
	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.		5,034,741	25	7,411,683
	26	Total liabilities. Add lines 17 through 25.		133,415,683	26	130,818,953
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		178,566,534	27	194,581,693
	28	Temporarily restricted net assets		992,152	28	248,250
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		179,558,686	33	194,829,943
	34	Total liabilities and net assets/fund balances		312,974,369	34	325,648,896

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	234,768,722
2	Total expenses (must equal Part IX, column (A), line 25)	2	204,125,008
3	Revenue less expenses Subtract line 2 from line 1	3	30,643,714
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	179,558,686
5	Net unrealized gains (losses) on investments	5	
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	-15,372,457
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	194,829,943

Part XII Financial Statements and Reporting

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

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

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 Washington Regional Medical Center	Employer identification number 71-0664687
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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 33¹/₃% 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 33¹/₃% 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?

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Washington Regional Medical Center	Employer identification number 71-0664687
--	--

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

1	Provide a description of the organization's direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?			
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
	c Media advertisements?			
	d Mailings to members, legislators, or the public?			
	e Publications, or published or broadcast statements?			
	f Grants to other organizations for lobbying purposes?			
	g Direct contact with legislators, their staffs, government officials, or a legislative body?			
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
	i Other activities?	Yes		9,873
	j Total Add lines 1c through 1i			9,873
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Schedule C Part II-B, LINE 11	The organization is a member of, and pays dues to the American Hospital Association and the Arkansas Hospital Association. For the year ended 2013, the dues were \$32,030 and \$58,078 respectively. Approximately 17% of the Arkansas Hospital Association dues were attributable to lobbying activities performed by these organizations.

Part IV

Return Reference

Explanation

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 Washington Regional Medical Center	Employer identification number 71-0664687
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

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

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

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	1,402,443	1,296,403	1,023,587	1,028,937	865,169
b Contributions	85,092	298,119	406,720	89,907	262,021
c Net investment earnings, gains, and losses	17,078	11,843	13,919	17,744	21,196
d Grants or scholarships					7,750
e Other expenditures for facilities and programs	150,444	203,922	147,823	113,001	111,699
f Administrative expenses					
g End of year balance	1,354,169	1,402,443	1,296,403	1,023,587	1,028,937

- 2

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

Board designated or quasi-endowment

48 000 %

b

Permanent endowment

46 000 %

c

Temporarily restricted endowment

6 000 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

b

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

3b

Yes

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		1,235,385		1,235,385
b Buildings		130,677,186	39,918,999	90,758,187
c Leasehold improvements		3,365,924	2,807,564	558,360
d Equipment		115,322,109	81,324,583	33,997,526
e Other		8,616,455	3,708,856	4,907,599
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				131,457,057

Schedule D (Form 990) 2013

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

1	Total revenue, gains, and other support per audited financial statements	1	233,904,932
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	61,210
e	Add lines 2a through 2d	2e	61,210
3	Subtract line 2e from line 1	3	233,843,722
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	925,000
c	Add lines 4a and 4b	4c	925,000
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	234,768,722

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	204,186,218
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	61,210
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	61,210
3	Subtract line 2e from line 1	3	204,125,008
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	204,125,008

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
SCHEDULE D, PART XI LINE 2D AND PART XII LINE 2D	RECLASSIFICATION OF GAAP REPORTING OF GAINS AND LOSSES ON DISPOSAL OF ASSETS FROM EXPENSES TO REVENUE ON FORM 990 STATEMENT OF REVENUE PART VIII LINE 7
SCHEDULE D, PART XI, LINE 4B	Contribution from Washington Regional Medical Foundation of funds raised in the amount of \$750,000 for Hospice Home construction and \$175,000 for the 2005 WRMC building expansion project

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.
► 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
Washington Regional Medical Center

Employer identification number
71-0664687

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)	1	2,420	3,910,441		3,910,441	1 920 %
b Medicaid (from Worksheet 3, column a)	1	9,283	21,807,861	13,185,224	8,622,637	4 220 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	2	11,703	25,718,302	13,185,224	12,533,078	6 140 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	6		797,459	10,614	786,845	0 390 %
f Health professions education (from Worksheet 5)	1		150,000		150,000	0 070 %
g Subsidized health services (from Worksheet 6)	1		3,062,000		3,062,000	1 500 %
h Research (from Worksheet 7)	1		92,469	39,784	52,685	0 030 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			313,894		313,894	0 150 %
j Total Other Benefits	9		4,415,822	50,398	4,365,424	2 140 %
k Total . Add lines 7d and 7j	11	11,703	30,134,124	13,235,622	16,898,502	8 280 %

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					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

5,865,310

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

586,531

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

74,110,260

6

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

6

75,062,602

7

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

7

-952,342

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 North Hills Surgery	Ambulatory surgery center	51.000 %		49.000 %
2 Dialysis Center of N	Dialysis services	60.000 %		20.000 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, 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)

WASHINGTON REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

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

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 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from 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? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.wregional.com</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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? If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 % If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☐

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

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.

Schedule H (Form 990) 2013

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
PART I, LINE 6A	The organization prepares a community benefit report annually and presents the report to the Washington County, Arkansas Quorum Court. The report is also posted on the organization's website.
PART I, LINE 7G	The organization reports subsidized health services for certain clinics. The subsidy reported is equal to the amount of operating loss less the provision for uncollectible accounts. The clinics for which the organization subsidizes meet certain criteria as set forth by the IRS including services for seniors, neonatal services, women's services and psychiatric services.

Form and Line Reference	Explanation
PART III, LINES 2,3,4	<p>On the basis of historical experience, a significant portion of the organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the organization records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient revenue. The cost of bad debt is estimated using a cost to charge ratio. The amount of bad debt attributable to patients eligible for charity is estimated to be 10%, or a relatively small number. Patients have many chances to learn about financial assistance, and the assumption is made that qualifying patients will act upon the receipt of such information. The organization follows the VHA/Catholic Health Association's guide for planning and reporting community benefits. As such, the organization does not report bad debt from the treatment of patients as a community benefit.</p>
PART III, LINE 8	<p>The organization uses a cost accounting system to determine the cost of services provided to Medicare patients. The organization follows the VHA/Catholic Health Association's guide for planning and reporting community benefits. As such, the organization does not report shortfalls from the treatment of Medicare patients as a community benefit.</p>

Form and Line Reference	Explanation
PART III, LINE 9B	The organization's collection (bad debt) policy specifically addresses that collection agencies are required to analyze the patient's ability to pay. In the event that charity is identified, collection efforts are suspended and the account is written off to charity on a timely basis.
PART VI, LINE 2	The organization assesses needs in a variety of ways. With respect to practitioner recruitment for development of new health care services, the organization may perform internal assessments of the need for such providers and/or services or engage external consultants to assess those needs. Additionally, the organization is advised of community needs by its community-based board of directors, medical staff, local government and local nonprofit organizations. The organization also identifies the need for new services or shortcomings in existing community health resources by analyzing utilization patterns in its service offerings, I e patients presenting to the emergency room for services no longer provided elsewhere. The Pat Walker Center for Seniors is an example where the organization has responded to the needs of the aging patient population. This patient population became underserved when other local providers elected to discontinue or limit services to patients with Medicare.

Form and Line Reference	Explanation
PART VI, LINE 3	<p>During pre-registration and registration, staff identify patient financial needs during discussions of source of payment. When a patient states an inability to pay, organization personnel screen for financial assistance eligibility by asking for income and family size. Patients that staff believe may qualify for financial assistance are referred to financial counselors to discuss financial assistance available, information needed and the decision process. During the accounts receivable pre-collection process, correspondence letters from the organization clearly state that patients who believe that they may qualify for the financial assistance program should call for this specific help. Phone discussions during the A/R pre-collection phase and the bad debt collection phase screen for those who may qualify for benefits under the financial assistance policy. These efforts are evidenced by instances of financial assistance provided to accounts that were either in the pre-collection or bad debt collections phases when the financial assistance determination was made. The organization also attempts to identify health care coverage under federal and state programs and facilitates patients' enrollment in such programs. Funding of these efforts cost \$403,000 in 2013.</p>
PART VI, LINE 4	<p>The organization serves as a regional referral center for northwest Arkansas, western Oklahoma and southwest Missouri. WRMC's primary service area includes Washington, Benton, Madison, Carroll and Boone counties. In 2013, the estimated population according to the US Census Bureau for each of these five counties was as follows: Washington, 216,410, Benton, 237,297, Madison, 15,701, Carroll, 27,808, and Boone, 37,396. The median household income in 2013 for each of these counties was as follows: Washington, \$41,429, Benton, \$53,515, Madison, \$33,481, Carroll, \$35,558 and Boone, \$38,364. The percentage of persons below the poverty level range from 12.1% in Benton County to 23.9% in Madison County. In 2013, white persons made up the greatest percentage of the population for each of the counties. Persons of Hispanic or Latino origin were the second highest ranging from 2.3% in Boone County to 16.1% in Washington County. Over 75% of our inpatient admissions were from Washington and Benton counties. Inpatient admissions from other counties in our secondary service area totaled 14%, with the remaining percentage coming from neighboring Oklahoma and Missouri as well as other counties in Arkansas and across the nation. Washington and Benton county residents represented 84% of our outpatient cases. Of the total admissions in 2013, approximately 14% were uninsured or Medicaid recipients.</p>

Form and Line Reference	Explanation
PART VI, LINE 5	<p>The organization provides community support through being a major participant in disaster readiness, public health emergency activities and community disease surveillance. From an environmental perspective, the organization segregates and properly disposes of hazardous clinical waste in order to safeguard community natural resources. Part of the organization's mission is to improve the health of the citizens in the communities we serve. The organization maintains walking trails around the campus, connected these trails to the city's walking trails and contributed land to the city to add to its walking trails. The organization continually assesses the need for various types of physicians and recruits as appropriate. In 2013, Washington Regional welcomed 15 new physicians to the medical staff. With skills and expertise that complement existing practices and serve a demonstrated need in the community, these new physicians represent a wide range of medical specialties: Emergency Medicine, Family Practice, General Surgery, OB/GYN, Neurology, Hospitalist and Neonatology. Included in the 2013 community benefit totals are amounts for which the organization provided financial support to local nursing education programs. Total support for these programs in 2013 was \$150,000.</p>
PART VI, LINE 6	<p>WASHINGTON REGIONAL MEDICAL CENTER IS A MEMBER OF WASHINGTON REGIONAL MEDICAL SYSTEM WHICH IS ALSO THE PARENT OF SEVERAL OTHER ORGANIZATIONS THAT PROMOTE THE HEALTH OF THE COMMUNITY. EACH ORGANIZATION IS LISTED BELOW. WASHINGTON REGIONAL MEDICAL SYSTEM (PARENT) PROVIDES PLANNING AND COORDINATION OF THE DELIVERY OF HEALTH CARE SERVICES. OPERATES PHYSICIAN CLINICS WITH MULTIPLE SPECIALTIES WITHIN THE CLINIC SETTING, PROVIDES COMMUNITY EDUCATION AND SEMINARS RELATING TO SENIOR HEALTH, NEONATAL CARE, WOMEN'S HEALTH AND MEN'S HEALTH. WASHINGTON REGIONAL MEDICAL CENTER (THE ORGANIZATION) LARGEST PROVIDER OF ACUTE CARE IN NORTHWEST ARKANSAS. CONDUCTS AND PARTICIPATES IN COMMUNITY HEALTH FAIRS, HOSTS COMMUNITY BLOOD DRIVES, AND HOSTS EDUCATION SEMINARS FOR HEALTH CARE PROVIDERS IN THE REGION. ALLOCATES SURPLUS THROUGH THE PROVISION OF COMMUNITY BENEFITS INCLUDING BUT NOT LIMITED TO CHARITY CARE TO APPROXIMATELY 2,400 BENEFICIARIES AT A COST OF \$3.9 MILLION, APPROXIMATELY 9,000 MEDICAID BENEFICIARIES RECEIVING CARE AT A NET LOSS OF \$8.6 MILLION, COMMUNITY HEALTH SERVICES (INCLUDING MEDICAID ELIGIBILITY SERVICES, HIV CLINICS, PRENATAL CLINICS AND FREE HEALTH CLINICS) AT A COST OF \$787,000, DIRECT SUPPORT TO HEALTH PROFESSIONS EDUCATION OF \$150,000, SUBSIDIZED HEALTH SERVICES FOR CERTAIN CLINICS AT A COST OF \$3.1 MILLION, MEDICAL RESEARCH AND OTHER CASH DONATIONS AT A COST OF \$367,000. WASHINGTON REGIONAL MEDICORP (SIBLING ORGANIZATION) PREVIOUSLY PROVIDED SERVICES FOR THE ELDERLY THROUGH ASSISTED LIVING AND SKILLED NURSING FACILITIES. THE ORGANIZATION HAD NO OPERATIONS AFTER 10/31/13. EUREKA REGIONAL HEALTH (SIBLING ORGANIZATION) PROVIDES MEDICAL FACILITIES IN CARROLL COUNTY FOR A PHYSICIAN CLINIC. WASHINGTON REGIONAL MEDICAL FOUNDATION (SIBLING ORGANIZATION) PROVIDES FUND RAISING ACTIVITIES THAT SUPPORT THE ORGANIZATION'S MISSION OF IMPROVING THE HEALTH OF THE CITIZENS IN THE COMMUNITIES IT SERVES. INVOLVES THE COMMUNITY THROUGH BOARD MEMBERSHIP AND VOLUNTEER PARTICIPATION. WASHINGTON REGIONAL MEDICAL SERVICES THE ORGANIZATION OWNS REAL ESTATE AND DEVELOPS AND MANAGES HEALTHCARE FACILITIES AND SERVICES THAT SUPPORT THE MISSION OF WASHINGTON REGIONAL MEDICAL CENTER. IN ADDITION TO ITS SIBLING ORGANIZATIONS, THE ORGANIZATION HAS THREE JOINT VENTURES AND ONE WHOLLY-OWNED SUBSIDIARY. WASHINGTON REGIONAL REHABILITATION SERVICES, LLC (100% OWNED SUBSIDIARY) HOLDS A 50% OWNERSHIP IN THE LOCAL HEALTHSOUTH REHAB HOSPITAL. ENSURES ACCESS TO QUALITY REHAB SERVICES FOR PATIENTS REGARDLESS OF ABILITY TO PAY. DIALYSIS CENTERS OF NORTHWEST ARKANSAS (60% OWNED JOINT VENTURE) PROVIDES CHRONIC DIALYSIS SERVICES TO PATIENTS WITH RENAL FAILURE. NORTH HILLS SURGERY CENTER (51% OWNED JOINT VENTURE) PROVIDES OUTPATIENT SURGICAL SERVICES. HEALTH PARTNERS (50% OWNED JOINT VENTURE) COORDINATES CONTRACTING BETWEEN PROVIDERS, INSURERS AND EMPLOYERS TO FACILITATE ACCESS TO CARE TO THE COMMUNITY.</p>

Schedule I
(Form 990)

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
Washington Regional Medical Center

Employer identification number
71-0664687

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) NWA Free Health Center 10 South College Fayetteville, AR 72701	58-1691790	501(c)(3)	27,500	12,325	Cost	MEDICAL SUPPLIES	Community Needs
(2) Washington County HIV clinic 3270 N Wimberly Dr Fayetteville, AR 72703	71-6003197		78,500		COST		Community Needs
(3) Arkansas Department of Health 4815 W Markham Slot 57 Little Rock,AR 72703	71-6007358		62,471		Cost		Community Needs
(4) Arkansas Dept of Human Services PO Box 1437 Little Rock,AR 72203	71-0847443		17,495		Cost		Community Needs
(5) NWA Community College Foundation 1 College Drive Bentonville,AR 72712	71-0697377	501(c)(3)	50,000		Cost		Nursing School Donation
(6) WRM System 3215 N North Hills blvd Fayetteville,AR 72703	71-0664686	501(c)(3)	3,062,000		Cost		Community Needs
(7) University of Arkansas 300 UNIVERSITY HOUSE FAYETTEVILLE,AR 72701	71-6003252	170(b)(1)(A)(v)	100,000		Cost		Nursing School Donation

2

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

3

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

Part III

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

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

Part IV

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

Return Reference	Explanation
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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
Washington Regional Medical Center

Employer identification number
71-0664687

Part I

Questions Regarding Compensation

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

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

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

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

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

Part IIISupplemental 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
SCHEDULE J, PART I, LINE 3	The Board of Directors of a Related Organization (Washington Regional Medical System) has a standing Compensation Committee comprised of independent members of the Board of Directors of the Related Organization that regularly review the performance of the members of senior management of the Organization, engage independent compensation consultant, tax and legal advisors to ascertain and opine as to the reasonableness of total compensation paid to members of senior management, as determined on the basis of compensation surveys prepared by such advisors, and who determine the total compensation paid members of senior management of the Organization in conformance with the rebuttable presumption requirements of Section 4958 of the Internal Revenue Code.
SCHEDULE J, PART I, 4B	WILLIAM L BRADLEY RECEIVED 72877 FROM PARTICIPATION IN A 457(F) PLAN. MARK A BEVER RECEIVED 34353 FROM PARTICIPATION IN A 457(F) PLAN. DANIEL R ECKELS RECEIVED 32783 FROM PARTICIPATION IN A 457(F) PLAN. THOMAS J OLMSTEAD RECEIVED 48708 FROM PARTICIPATION IN A 457(F) PLAN. JAMES L SHACKELFORD RECEIVED 43338 FROM PARTICIPATION IN A 457(F) PLAN. DAVID G RATCLIFF RECEIVED 54412 FROM PARTICIPATION IN A 457(F) PLAN. CLAUDIA A WILLIAMS RECEIVED 21746 FROM PARTICIPATION IN A 457(F) PLAN.

Additional Data

Software ID:
Software Version:
EIN: 71-0664687
Name: Washington Regional Medical Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
William L Bradley President/CEO	(i) (ii)	443,747	129,435	77,371	88,571	20,277	759,401	65,469
Mark A Bever Exec VP/Admin	(i) (ii)	272,544	73,393	37,204	41,900	18,675	443,716	31,813
James L Shackelford SVP, Outreach Services	(i) (ii)	236,500	64,946	41,559	46,508	16,517	406,030	41,219
Thomas J Olmstead SR VP/Gen Counsel	(i) (ii)	253,922	70,007	50,062	54,372	11,265	439,628	43,635
David G Ratcliff MD Chief Medical Officer	(i) (ii)	184,138 99,151	77,928	62,218	62,723	13,244	400,251 99,151	49,942
Daniel R Eckels SR VP/CFO	(i) (ii)	241,497	65,541	34,659	46,347	12,608	400,652	32,769
Claudia A Williams Chief Nurse Officer	(i) (ii)	157,140	43,153	20,263	26,520	11,277	258,353	21,737
Rebecca D Magee SR VP/CIO	(i) (ii)	219,927	62,699	4,273	30,406	20,289	337,594	
James A Newton MD Medical Director	(i) (ii)	168,000 42,000	17,606 4,402		9,916 2,479	11,266 2,816	206,788 51,697	
Stanley C Bradley Medical Director of Hospice	(i) (ii)	202,083	16,795		10,000	12,260	241,138	
Ramona McLean Director of Pharmacy	(i) (ii)	179,653	14,070		8,983	11,409	214,115	
Mike W Horn Pharmacist	(i) (ii)	192,197	1,335		7,446	9,189	210,167	
Charles N Coe Pharmacist	(i) (ii)	179,786	1,161		7,809	9,794	198,550	

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Washington Regional Medical Center

Employer identification number
71-0664687

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	WASHINGTON COUNTY ARKANSAS SERIES 2005A	71-6003197		08-17-2005	24,770,750	NEW HOSPITAL CONSTRUCTION		X		X		X
B	WASHINGTON COUNTY ARKANSAS SERIES 2005B	71-6003197		08-17-2005	85,282,996	REFUNDED BONDS ISSUED 4/5/2000		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0					
2	Amount of bonds legally defeased	0		0					
3	Total proceeds of issue	24,826,306		85,466,596					
4	Gross proceeds in reserve funds	0		5,959,848					
5	Capitalized interest from proceeds	0		0					
6	Proceeds in refunding escrows	0		84,056,889					
7	Issuance costs from proceeds	218,340		7,390,654					
8	Credit enhancement from proceeds	0		0					
9	Working capital expenditures from proceeds	0		0					
10	Capital expenditures from proceeds	24,552,410		0					
11	Other spent proceeds	0		0					
12	Other unspent proceeds	0		0					
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X	X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?	X		X					
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	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
Schedule K, Part IV, Line 2c	Arbitrage Rebate Calculation completed 5/20/14

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
Washington Regional Medical Center

Employer identification number
71-0664687

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

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

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

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

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

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

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Anthony N Hui MD	Director	554,678	Pathology Services		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
Washington Regional Medical Center

Employer identification number
71-0664687

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11B	
FORM 990, PART VI, SECTION B, LINE 12 C	The terms of the Conflict of Interest Policy are incorporated within the Bylaws of the Org anization, and are review ed annually with the Board of Directors All Directors are requir ed to sign an acknow ledgment that they have review ed the policy and are aware of its terms The policy is review ed in detail at the time of new board member orientation As potenti al conflicts arise, those conflicts are addressed pursuant to the policy
FORM 990, PART VI, SECTION B, LINE 15B	The Board of Directors of a Related Organization (Washington Regional Medical System) has a standing Compensation Committee comprised of independent members of the Board of Directo rs of the Related Organization that regularly reviews the performance of the members of se nior management of the Organization, engages independent compensation consultants, tax and legal advisors to ascertain and opine as to the reasonableness of total compensation paid to members of senior management, as determined on the basis of compensation surveys prepa red by such advisors, and who determine the total compensation paid members of senior mana gement of the Organization in conformance with the rebuttable presumption requirements of Section 4958 of the Internal Revenue Code
FORM 990, PART VI, SECTION C, LINE 19	The Organization's Form 990 filing, governing documents, conflict of interest policy, and certain financial statements are available to the public upon written request
FORM 990, PART VI, SECTION A, LINE 2, SCH L Part IV	Ann Rosso and Woody Bassett serve as Directors for both the Organization and The Bank of F ayetteville The Organization maintains bank accounts at The Bank of Fayetteville Anthony Hui is a Director of the Organization and serves as the President of NorthWest Arkansas P athology Associates, P A The Organization purchases pathology services from NorthWest Ark ansas Pathology Associates, P A
FORM 990, PART VI, SECTION A, LINE 7A	THE ORGANIZATION HAS A MEMBER WHO IS AUTHORIZED TO ELECT ONE OR MORE MEMBERS OF THE ORGANI ZATION'S GOVERNING BODY AS PERMITTED UNDER THE ARKANSAS NONPROFIT CORPORATION ACT OF 1993
FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION HAS A MEMBER AS PERMITTED UNDER THE ARKANSAS NONPROFIT CORPORATION ACT OF 1993
FORM 990, PART VI, SECTION A, LINE 7B	THE MEMBER OF THE ORGANIZATION HAS THE RIGHT TO APPROVE CERTAIN ACTIONS OF THE ORGANIZATIO N'S GOVERNING BODY AS ARE RESERVED TO THE MEMBER UNDER THE ARKANSAS NONPROFIT CORPORATION ACT OF 1993
FORM 990, PART XI, LINE 9	Distributions to noncontrolling interest -1,045,542 Contributions from WRM Foundation for acquisition of property 2,264 Change in beneficial interest in net assets of WRM foundatio n for property acquisitions 588,568 Transfers to affiliates -14,173,845 Temporarily restri cted net assets - Change in beneficial interest in net assets of WRM Foundation for proper ty acquisitions -743,902
FORM 990, PART VII, SECTION A, COLUMN B	DAVID RATCLIFF, MD SPENDS APPROXIMATELY 14 HOURS A WEEK WORKING FOR RELATED ORGANIZATION W ASHINGTON REGIONAL MEDICAL SYSTEM AT THE PAT WALKER SENIOR CENTER SEEING MEDICARE PATIENT S

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 Washington Regional Medical Center	Employer identification number 71-0664687
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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
(1) WR REHABILITATION SERVICES 3215 N NORTHHILLS BLVD FAYETTEVILLE, AR 72703 26-1611632	REHAB PARTNER	AR	3,936,746	11,475,034	WRMC
(2) WR OCCUPATIONAL HEALTH SERVICES LLC 3215 N NORTHHILLS BLVD FAYETTEVILLE, AR 72703 45-4435675	OCCUP HEALTH	AR	-347	9,643	WRMC

Part II

Identification of Related Tax-Exempt Organizations

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) WASHINGTON REGIONAL MEDICAL SYSTEM 3215 N NORTHHILS BLVD FAYETTEVILLE, AR 72703 71-0664686	PHYS CLINIC	AR	501(C)3	11	WRMC	Yes	
(2) WASHINGTON REGIONAL MEDICAL SERVICES 3215 N NORTHHILLS BLVD FAYETTEVILLE, AR 72703 71-0664683	MEDICAL R/E	AR	501(C)3	11	WRMC	Yes	
(3) WASHINGTON REGIONAL MEDICORP 3215 N NORTHHILLS BLVD FAYETTEVILLE, AR 72703 71-0707450	LTC/SNF/AL	AR	501(C)3	3	WRMC	Yes	
(4) WASHINGTON REGIONAL FOUNDATION 3215 N NORTHHILLS FAYETTEVILLE, AR 72703 71-0664685	FUNDRAISING	AR	501(C)3	11	WRMC	Yes	
(5) EUREKA REGIONAL HEALTH 3215 N NORTHHILLS BLVD FAYETTEVILLE, AR 72703 71-0769450	MEDICAL R/E	AR	501(C)3	11	WRMC	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) Disproporionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) DIALYSIS CENTER OF NORTHWEST ARKANSAS 107 E MONTE PAINTER DR FAYETTEVILLE, AR 72703 43-2074310	RENAL DIALYSI	AR	Wash Reg Med Ct	Related	1,096,070	1,955,313		No		Yes		60 000 %
(2) NORTH HILLS SURGERY CENTER 1125 N COLLEGE FAYETTEVILLE, AR 72703 71-0807771	AMB SURG CTR	AR	Wash Reg Med Ct	RELATED	582,250	254,867		No		Yes		51 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) HEALTH PARTNERS 180 W APPLEBY RD FAYETTEVILLE, AR 72703 71-0764667	PHO	AR	NA	C	-31,172	198,516	50 000 %		

Part V

Transactions With Related Organizations

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

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

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

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

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

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
------------------	-------------

Additional Data

Software ID:

Software Version:

EIN: 71-0664687

Name: Washington Regional Medical Center

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
Washington Regional Medical System	L	316,477	COST
Washington Regional Medicorp	B	63,419	COST
Washington Regional Medical System	J	335,028	FMV
Washington Regional Medical System	B	20,800,000	COST
Washington Regional Medical Services	A	52,742	FMV
Washington Regional Medical Medicorp	S	2,390,431	COST
Washington Regional Medical Foundation	C	927,264	COST
Washington Regional Medical System	P	3,506,408	COST
Washington Regional Medical Services	S	4,299,143	FMV

Washington Regional Medical Center

Independent Auditor's Reports and Consolidated Financial Statements

December 31, 2013 and 2012



Washington Regional Medical Center

December 31, 2013 and 2012

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Washington Regional Medical Center and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Supplementary Information

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

Other Information

The accompanying supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary consolidating 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2014, on our consideration of the Medical Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BKD, LLP

Washington Regional Medical Center
Consolidated Balance Sheets
December 31, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	\$ 12,350,796	\$ 13,413,601
Certificates of deposit	9,500,000	4,543,144
Assets limited as to use – current	4,667,725	4,599,087
Patient accounts receivable, net of allowance, 2013 – \$12,138,955, 2012 – \$14,904,628	35,477,566	33,854,157
Other accounts receivable	1,279,085	1,584,029
Supplies	3,047,238	3,010,330
Prepaid expenses and other	1,793,391	2,050,664
Estimated amounts due from third-party payers	876,533	372,315
	<u>68,992,334</u>	<u>63,427,327</u>
Assets Limited as to Use		
Internally designated	103,561,898	91,176,351
Held by trustee	12,356,351	12,287,651
	<u>115,918,249</u>	<u>103,464,002</u>
Less amount required to meet current obligations	4,667,725	4,599,087
	<u>111,250,524</u>	<u>98,864,915</u>
Investments in and Advances to Equity Investees	<u>10,625,094</u>	<u>10,596,574</u>
Beneficial Interest in Net Assets of Washington Regional Medical Foundation	<u>534,194</u>	<u>689,529</u>
Property and Equipment, Net	<u>131,457,057</u>	<u>136,816,111</u>
Other Assets		
Deferred financing costs	499,923	547,863
Other	2,289,770	2,032,050
	<u>2,789,693</u>	<u>2,579,913</u>
Total assets	<u><u>\$ 325,648,896</u></u>	<u><u>\$ 312,974,369</u></u>

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	\$ 3,466,999	\$ 3,347,305
Accounts payable	7,024,828	7,687,463
Accrued expenses	15,851,895	17,004,447
Estimated amounts due to third-party payers	<u>7,411,683</u>	<u>5,034,741</u>
Total current liabilities	33,755,405	33,073,956
Long-term Debt	<u>97,063,548</u>	<u>100,341,727</u>
Total liabilities	<u>130,818,953</u>	<u>133,415,683</u>
Net Assets		
Unrestricted		
Washington Regional Medical Center	192,380,979	176,591,710
Noncontrolling interest	<u>2,200,714</u>	<u>1,974,824</u>
Total unrestricted net assets	194,581,693	178,566,534
Temporarily restricted	<u>248,250</u>	<u>992,152</u>
Total net assets	<u>194,829,943</u>	<u>179,558,686</u>
Total liabilities and net assets	<u>\$ 325,648,896</u>	<u>\$ 312,974,369</u>

Washington Regional Medical Center
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 allowances and discounts)	\$ 245,912,574	\$ 245,566,662
Provision for uncollectible accounts	(28,915,620)	(24,508,757)
Net patient service revenue less provision for uncollectible accounts	216,996,954	221,057,905
Other	5,368,549	6,265,300
Total unrestricted revenues, gains and other support	<u>222,365,503</u>	<u>227,323,205</u>
Expenses		
Salaries and wages	77,538,197	76,915,994
Employee benefits	15,536,970	16,322,512
Supplies and other	89,681,777	90,862,596
Depreciation and amortization	13,479,045	14,765,072
Interest	4,950,947	5,096,529
Provider assessment tax	2,938,072	2,979,439
(Gain) loss from disposal of property and equipment	61,210	(7,518)
Total expenses	<u>204,186,218</u>	<u>206,934,624</u>
Operating Income	<u>18,179,285</u>	<u>20,388,581</u>
Other Income		
Investment return	7,623,307	10,160,993
Contributions	11,150	1,515
Gain on investments in equity investees	3,904,972	2,320,418
Other	-	133,635
Total other income	<u>11,539,429</u>	<u>12,616,561</u>
Excess of Revenues Over Expenses	29,718,714	33,005,142
Sale of member units	-	2,566,867
Distributions to noncontrolling interests	(1,045,542)	(699,368)
Contributions from Washington Regional Medical Foundation of and for property acquisitions	927,264	1,872,946
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	588,568	(786,517)
Transfers to affiliates	(14,173,845)	(15,550,000)
Increase in Unrestricted Net Assets	<u>\$ 16,015,159</u>	<u>\$ 20,409,070</u>

Washington Regional Medical Center
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 29,718,714	\$ 33,005,142
Sale of member units	-	2,566,867
Distributions to noncontrolling interest	(1,045,542)	(699,368)
Contributions from Washington Regional Medical Foundation of and for property acquisitions	927,264	1,872,946
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	588,568	(786,517)
Transfers to affiliates	<u>(14,173,845)</u>	<u>(15,550,000)</u>
Increase in unrestricted net assets	<u>16,015,159</u>	<u>20,409,070</u>
Temporarily Restricted Net Assets		
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	<u>(743,902)</u>	<u>(344,001)</u>
Decrease in temporarily restricted net assets	<u>(743,902)</u>	<u>(344,001)</u>
Change in Net Assets	15,271,257	20,065,069
Net Assets, Beginning of Year	<u>179,558,686</u>	<u>159,493,617</u>
Net Assets, End of Year	<u><u>\$ 194,829,943</u></u>	<u><u>\$ 179,558,686</u></u>

Washington Regional Medical Center

Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	\$ 15,271,257	\$ 20,065,069
Items not requiring (providing) cash		
Depreciation and amortization	13,479,045	14,765,072
(Gain) loss on disposal of property and equipment	61,210	(7,518)
Gain on investments in equity investees	(3,904,972)	(2,320,418)
Net gain on investments	(3,750,344)	(6,984,112)
Contributions from Washington Regional Medical Foundation for property acquisitions	(927,264)	(1,872,946)
Transfers to affiliates	14,173,845	15,550,000
Change in beneficial interest in net assets of Washington Regional Medical Foundation	155,335	1,130,518
Changes in		
Patient accounts receivable	(1,623,409)	(5,369,262)
Other current assets	525,309	(331,928)
Accounts payable and accrued expenses	(1,958,929)	(2,210,380)
Estimated amounts due from and to third-party payers	1,872,724	461,661
Sale of member units	-	(2,566,867)
Purchase of trading securities	(25,420,843)	(164,526,761)
Proceeds from disposition of trading securities	16,785,640	162,335,003
Net cash provided by operating activities	<u>24,738,604</u>	<u>28,117,131</u>
Investing Activities		
Purchase of investments	(16,752,891)	(11,767,157)
Proceeds from disposition of investments	11,727,335	13,686,719
Investments in equity investees	-	(7,500,000)
Proceeds from disposition of investments in equity investees	-	2,566,867
Distributions received from equity investees	3,876,452	1,283,073
Purchase of property and equipment	(8,073,937)	(7,730,688)
Proceeds from sale of property and equipment	43,737	19,500
Other investing activities	(256,077)	21,632
Net cash used in investing activities	<u>(9,435,381)</u>	<u>(9,420,054)</u>

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

	<u>2013</u>	<u>2012</u>
Financing Activities		
Transfers to affiliates, net	\$ (14,173,845)	\$ (15,550,000)
Contributions from Washington Regional Medical Foundation for property acquisitions	927,264	1,872,946
Change in intercompany receivables and payables	(1,643)	(74,340)
Net payments on revolving credit agreements	(72,396)	(190,660)
Proceeds from issuance of long-term debt	300,295	2,231,704
Principal payments on long-term debt	<u>(3,345,703)</u>	<u>(3,442,969)</u>
Net cash used in financing activities	<u>(16,366,028)</u>	<u>(15,153,319)</u>
 Increase (Decrease) in Cash and Cash Equivalents	 (1,062,805)	 3,543,758
 Cash and Cash Equivalents, Beginning of Year	 <u>13,413,601</u>	 <u>9,869,843</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 12,350,796</u></u>	 <u><u>\$ 13,413,601</u></u>
 Supplemental Cash Flows Information		
Interest paid	\$ 5,002,257	\$ 5,159,926
Capital additions included in accounts payable and accrued expenses	\$ 383,361	\$ 239,619

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

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

Nature of Operations and Principles of Consolidation

Washington Regional Medical Center primarily earns revenues by providing a wide range of health care services to patients in Washington County, Arkansas, and surrounding areas. The consolidated financial statements include accounts of the following entities, which are hereafter collectively referred to as "the Medical Center."

Organization	Primary Business Activity	Tax Status
Washington Regional Medical Center (the Hospital)	Acute care medical center	Not-for-profit 501(c)(3)
North Hills Surgery Center, LLC (the Surgery Center)	Outpatient surgery center	Taxable LLC, 51% owned by Hospital
Dialysis Centers of Northwest Arkansas, LLC (the Dialysis Centers)	End-stage renal dialysis outpatient services	Taxable LLC, 60% owned by Hospital
Washington Regional Rehabilitation Services, LLC (Rehabilitation Services)	50% partnership interest in an inpatient rehabilitation hospital	Taxable LLC, 100% owned by Hospital
Washington Regional Occupational Health Services, LLC (Occupational Health Services)	51% equity interest in planned joint venture for developing and marketing wellness and prevention programs to area employers	Taxable LLC, 100% owned by Hospital

All significant intercompany accounts and transactions have been eliminated in consolidation.

Washington Regional Medical System (the Medical System) is the parent and sole member of the Hospital and primarily earns revenue by providing physician clinical and hospital services. The Medical System is also the sole member of Washington Regional MediCorp (Medicorp), Washington Regional Medical Services (Medical Services), Washington Regional Medical Foundation (the Foundation), Diversified Credit Services, Inc. and Eureka Regional Health. WR – NWAHV, LLC is a subsidiary of Medical Services. These additional related parties have been excluded from these financial statements.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Noncontrolling Interest

Noncontrolling interest represents the 49% member interest in the Surgery Center and the 40% member interest in the Dialysis Centers owned by outside investors. During 2012, the Medical Center sold 20 of its member units in the Dialysis Centers reducing its interest from 80% to 60% and recorded the transaction as an increase in its unrestricted net assets. 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 to 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 net assets attributable to the controlling financial interest of the Medical Center and the noncontrolling interest are:

	Total	Controlling Interest	Noncontrolling Interest
Balance December 31, 2011	\$ 159,493,617	\$ 158,088,835	\$ 1,404,782
Excess of revenues over expenses	33,005,142	31,983,623	1,021,519
Sale of member units	2,566,867	2,321,096	245,771
Distributions to noncontrolling interests	(699,368)	-	(699,368)
Contributions from Washington Regional Medical Foundation for property acquisitions	1,872,946	1,870,826	2,120
Change in beneficial interest in net assets of Washington Regional Medical Foundation	(786,517)	(786,517)	-
Transfers to affiliates	(15,550,000)	(15,550,000)	-
Change in temporarily restricted net assets	(344,001)	(344,001)	-
Change in net assets	<u>20,065,069</u>	<u>19,495,027</u>	<u>570,042</u>
Balance December 31, 2012	<u>179,558,686</u>	<u>177,583,862</u>	<u>1,974,824</u>
Excess of revenues over expenses	29,718,714	28,447,282	1,271,432
Distributions to noncontrolling interests	(1,045,542)	-	(1,045,542)
Contributions from Washington Regional Medical Foundation for property acquisitions	927,264	927,264	-
Change in beneficial interest in net assets of Washington Regional Medical Foundation	588,568	588,568	-
Transfers to affiliates	(14,173,845)	(14,173,845)	-
Change in temporarily restricted net assets	(743,902)	(743,902)	-
Change in net assets	<u>15,271,257</u>	<u>15,045,367</u>	<u>225,890</u>
Balance December 31, 2013	<u>\$ 194,829,943</u>	<u>\$ 192,629,229</u>	<u>\$ 2,200,714</u>

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

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 Medical Center 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 of money market accounts with brokers and certificates of deposit.

At December 31, 2013, the Medical Center's cash accounts exceeded federally insured limits by approximately \$21,762,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. The investment in equity investees is reported on the equity method of accounting. Other investments are valued at the lower of cost (fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

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 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 trustees and (2) assets set aside by the board of directors (the Board) for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center are included in current assets.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its 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 Medical Center 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 Medical Center 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) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies

The Medical Center 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 using the straight-line method 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.

Buildings and improvements	10–40 years
Leasehold improvements	10–40 years
Equipment	3–20 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 donated asset is placed in service.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Interest in Net Assets of Washington Regional Medical Foundation

The Foundation and the Medical Center are financially interrelated organizations. The Foundation seeks private support for and holds net assets on behalf of the Medical Center. The Medical Center accounts for its interest in the net assets of the Foundation (the Interest) in a manner similar to the equity method. Changes in the Interest are included in changes in net assets. Transfers of assets between the Foundation and the Medical Center are recognized as increases or decreases in the Interest.

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 effective interest method.

Temporarily Restricted Net Assets

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

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue 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.

Financial Assistance

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its financial assistance policy. Because the Medical Center does not pursue collection of amounts determined to qualify pursuant to its financial assistance policy, 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 resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

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.

Self-insured Employee Health Insurance Program

The Medical Center has elected to self-insure certain costs related to employee health. Costs resulting from noninsured losses are charged to income when incurred. The Medical Center has purchased insurance that limits its exposure for individual and aggregate claims. Total expense for claims for the years ended December 31, 2013 and 2012, was \$6,356,566 and \$7,007,729, respectively.

As part of the distinct employee welfare benefit plan (the Plan), a health insurance trust fund exists to satisfy self-insured employee health claim obligations. The trust, along with any excess coverage acquired, constitutes the sole source of funds that may be used to pay the medical benefits under the Plan. No part of the principal or income of the trust can be paid to or reinvested in the Medical Center or be used for any purpose other than the exclusive benefit of employees and their dependents. Contributions for the Plan expenses are provided by the Medical Center and its covered employees. The Medical Center evaluates the costs of the Plan based on projected Plan expenses and determines the amount to be contributed by the Medical Center and the covered employees. At December 31, 2013 and 2012, the irrevocable balances on deposit in the trust fund were \$1,809,444 and \$1,044,416, respectively. These balances are not reflected in the Medical Center's financial statements.

Professional Liability Claims

The Medical Center 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 Hospital and Medical System 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. However, they are subject to federal income tax on any unrelated business taxable income. The Surgery Center, the Dialysis Centers, Rehabilitation Services and Occupational Health Services are organized as Arkansas limited liability companies and treated as partnerships for income tax purposes.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Taxable income or loss is reported to the individual members for inclusion in their respective tax returns. Therefore, no provision for federal and state income taxes is included in these statements. The Hospital is no longer subject to U.S. federal income tax examinations by tax authorities for income tax returns filed for years before 2010.

Excess of Revenues over Expenses

The 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 to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets) and acquisition and sale of member units.

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 Medicare administrative contractor. 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 completed the third- and second-year requirements under the Medicare program and has recorded revenue of approximately \$1.2 million and \$1.7 million, respectively, which is included in other revenue within operating revenues in the statements of operations. The Medical Center has not yet certified under the Medicaid program, but expects to do so in the future.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

State of Arkansas Trauma System Grants

The State of Arkansas provides start-up and sustaining grants to hospitals that meet certain requirements to be considered trauma centers. The amount of the grants is based on which of four trauma center levels the hospital attains and is intended to reimburse the hospital for both operating and capital expenditures.

The Medical Center recognizes grant revenue in the period during which the related expense was recognized. For capital-related grants, deferred revenue is recognized and amortized over a period equal to the life of the related asset.

During 2012, the Medical Center was designated a Level II trauma center and, as such, was the recipient of \$1,336,901 and \$498,270 in sustaining and start-up grants, respectively, which together reimbursed \$1,098,510 and \$736,661 in operating and capital expenditures, respectively. During 2013, the Medical Center was the recipient of \$690,309 in sustaining grants, which reimbursed that amount in operating expenditures. At December 31, 2013 and 2012, deferred revenue of \$529,641 and \$654,613, respectively, was recorded in accrued expenses.

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 Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statements of operations as a component of net patient revenue.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include

Medicare—Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Defined medical education costs are paid based on a blend of prospectively determined rates per discharge and a cost reimbursement methodology. The Hospital and the Dialysis Centers are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and the Dialysis Centers 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 services rendered to Medicaid beneficiaries are paid based on fee schedules. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital 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 revenues recognized under the UPL provision were approximately \$617,000 and \$725,000 for 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 discharges and outpatient payments. Amounts recorded for provider assessment tax expense under this program for the years ended December 31, 2013 and 2012, were approximately \$2.9 million and \$3.0 million, respectively. Amounts recorded for provider assessment revenues under this program were approximately \$5.1 million and \$5.8 million for the years ended December 31, 2013 and 2012, 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.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

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

The Medical Center provides discounts on all charges to uninsured patients. At December 31, 2013 and 2012, this discount was 45%. Accordingly, the Medical Center records these discounts as a reduction to net patient service revenue.

Patient service revenue, net of contractual allowance and discounts (but before the provision for uncollectible accounts), recognized in the years ended December 31, 2013 and 2012, was

	<u>2013</u>	<u>2012</u>
Medicare	\$ 83,752,587	\$ 85,594,349
Medicaid	15,248,598	16,415,587
Other third-party payers	111,331,061	113,367,191
Self-pay	<u>35,580,328</u>	<u>30,189,535</u>
Total	<u><u>\$ 245,912,574</u></u>	<u><u>\$ 245,566,662</u></u>

In 2012, the Medical Center received approximately \$1,900,000 net of \$600,000 in legal fees as part of a settlement with the U.S. Department of Health and Human Services. The settlement related to incorrect payment adjustments during the period of 1999–2011 and was recognized as net patient service revenue in 2012.

In 2012, the Medical Center received additional Medicare reimbursement of approximately \$1,500,000, under a special payment provision for providers in low-cost counties that expired in 2012.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 3: Concentration of Credit Risk

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

	<u>2013</u>	<u>2012</u>
Medicare	39 %	35 %
Medicaid	4	2
Other third-party payers	47	51
Patients	<u>10</u>	<u>12</u>
	<u>100 %</u>	<u>100 %</u>

Note 4: Investments and Investment Return

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

	<u>2013</u>	<u>2012</u>
Assets limited as to use		
Internally designated		
Cash	\$ 285	\$ 285
Money market funds	578,507	1,083,457
U S Treasury obligations	1,577,851	3,587,838
Corporate debt securities	20,919,917	20,069,732
Equity securities	7,602,184	5,019,021
Equity mutual funds	35,866,916	25,510,222
Fixed income mutual funds	36,317,532	35,229,999
Interest receivable	393,745	362,399
Other	<u>304,961</u>	<u>313,398</u>
	<u>103,561,898</u>	<u>91,176,351</u>
Held by trustee		
Money market funds	<u>12,356,351</u>	<u>12,287,651</u>
Total investments	<u>\$ 115,918,249</u>	<u>\$ 103,464,002</u>

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Total investment return is reflected in the statements of operations and changes in net assets in other nonoperating income and is comprised of the following

	2013	2012
Interest and dividend income	\$ 3,400,160	\$ 3,176,881
Realized gains (losses) on other-than-trading securities	(53,205)	2,289,780
Unrealized gains on trading securities	4,276,352	4,694,332
	<u>\$ 7,623,307</u>	<u>\$ 10,160,993</u>

Note 5: Investments in and Advances to Equity Investees

The investments in and advances to equity investees relate to ownership interests shown in the table below. Financial position and results of operations of the investees are summarized below

	2013	2012
Current assets	\$ 5,636,620	\$ 4,956,246
Property and other long-term assets, net	<u>15,083,866</u>	<u>15,636,007</u>
Total assets	<u>20,720,486</u>	<u>20,592,253</u>
Current liabilities	<u>2,961,753</u>	<u>2,890,561</u>
Net equity	<u>\$ 17,758,733</u>	<u>\$ 17,701,692</u>
Revenues	\$ 22,084,857	\$ 18,304,455
Excess of revenues over expenses	\$ 7,809,945	\$ 4,640,838

Washington Regional Medical Center
Notes to Consolidated Financial Statements
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The related ownership interests consist of the following

	2013	2012
Health Partners, PHO	50%	50%
Northwest Arkansas Rehabilitation Associates	50%	50%

Note 6: Beneficial Interest in Net Assets of Washington Regional Medical Foundation

Washington Regional Medical Foundation, whose parent and sole member is the Medical System, was established to benefit the general public and the Medical Center. The Foundation's board of directors determines the amount, timing and purpose of distributions of Foundation funds. The Medical Center's interest in the net assets of the Foundation is accounted for in a manner similar to the equity method. Changes in the interest are included in changes in net assets. As of December 31, 2013 and 2012, \$534,194 and \$689,529, respectively, is recognized as the Medical Center's interest in the assets of the Foundation, which includes contributions received and pledges receivable by the Foundation that are donor restricted to be used for the Medical Center's purposes.

Note 7: Professional Liability Claims

The Medical Center 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 Medical Center also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon the Medical Center's claims experience, an accrual had been made for the Medical Center's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately \$416,000 and \$312,000 as of December 31, 2013 and 2012, respectively. It is reasonably possible that this estimate could change materially in the near term.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 8: Property and Equipment

Property and equipment at December 31 consists of

	2013	2012
Land and improvements	\$ 9,733,495	\$ 9,698,113
Buildings	134,587,116	133,678,614
Equipment	114,778,104	112,464,135
Construction in progress	118,346	17,932
	<u>259,217,061</u>	<u>255,858,794</u>
Less accumulated depreciation	<u>127,760,004</u>	<u>119,042,683</u>
	<u><u>\$ 131,457,057</u></u>	<u><u>\$ 136,816,111</u></u>

Washington County Lease Agreement

Under the terms of the Assignment and Lease Agreement (Lease Agreement) dated May 24, 1988, the Hospital leased from Washington County, Arkansas (the County), all then-existing hospital property and equipment for a nominal amount for an initial term of 25 years, with two 25-year renewal options at the same terms. On November 24, 1999, the Hospital exercised the first option for an additional 25-year term, expiring May 31, 2038.

In August of 2002, the Medical Center completed construction of a new facility, which was substituted for the original facility in the Lease Agreement. This action was taken with the consent of the County and in no way affects the terms of the May 24, 1988, Assignment and Lease Agreement between the Medical Center and the County other than as noted here.

Note 9: Line of Credit

During 2013, the Dialysis Centers opened a \$1 million revolving bank line of credit that expires on November 5, 2014, and bears interest at 3.25%. At December 31, 2013, no amounts were borrowed against this line. The Medical Center provided a limited guaranty of up to 60% of outstanding amounts.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 10: Long-term Debt

	2013	2012
Hospital revenue bonds (A)	\$ 25,000,000	\$ 25,000,000
Hospital revenue bonds (B)	73,455,000	76,190,000
Note payable (C)	1,028,532	1,348,006
Note payable (D)	248,825	-
Note payable (E)	221,806	289,467
Note payable (F)	184,814	242,236
Note payable (G)	97,037	211,714
Note payable (H)	-	72,396
Unamortized bond premium, net	294,533	335,213
	<u>100,530,547</u>	<u>103,689,032</u>
Less current maturities	<u>3,466,999</u>	<u>3,347,305</u>
	<u><u>\$ 97,063,548</u></u>	<u><u>\$ 100,341,727</u></u>

- (A) Tax-exempt revenue construction bonds (the Construction Bonds) consist of hospital revenue construction bonds in the original amount of \$25,000,000 dated August 1, 2005, which bear interest at 5.0%. The Construction Bonds are payable in sinking fund requirements from February 1, 2031, through February 1, 2035. All of the Construction Bonds still outstanding may be redeemed at the Hospital's option on or after February 1, 2015. The redemption price is equal to the outstanding principal amount thereof, plus accrued interest to the date fixed for redemption.

Washington County, Arkansas, issued the Construction Bonds on behalf of the Hospital. The Construction Bonds are secured by a first mortgage on the North Hills facility, the gross receipts of the Hospital and the assets restricted under the bond indenture agreement. The Construction Bonds have not been guaranteed by the County.

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 Hospital to comply with certain restrictive covenants including minimum insurance coverage, maintaining a debt-service coverage ratio (computed on maximum annual debt service requirements) of at least 1.2 to 1.0 and restrictions on incurrence of additional debt.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

- (B) Tax-exempt revenue refunding bonds (the Refunding Bonds) consist of hospital revenue refunding bonds in the original amount of \$84,380,000 dated August 1, 2005, which bear interest at 3.375% to 5.000%. The Refunding Bonds are payable in annual installments through February 1, 2030. All of the Refunding Bonds still outstanding may be redeemed at the Hospital's option on or after February 1, 2015. The redemption price is equal to the outstanding principal amount thereof, plus accrued interest to the date fixed for redemption.

Washington County, Arkansas, issued the Refunding Bonds on behalf of the Hospital. The Bonds are secured by a first mortgage on the North Hills facility, the gross receipts of the Hospital and the assets restricted under the bond indenture agreement. The Refunding Bonds have not been guaranteed by the County.

Certain indenture requirements of the Refunding Bonds are shared with the Original Bonds. See discussion of those requirements in section (A).

- (C) Tax-exempt loan due February 20, 2017, to Banc of America Public Capital Corp. payable in monthly payments of \$28,737, bearing interest at 2.11%. The proceeds were used for the purchase of certain specified capital equipment that is required to serve as collateral.
- (D) Due January 23, 2018, payable in monthly payments of approximately \$5,429, bearing interest at 3.25%, by the Dialysis Centers, secured by certain equipment with additional security interest in all assets of the Dialysis Centers.
- (E) Due January 28, 2017, payable in monthly payments of approximately \$6,300, bearing interest at 2.99%, by the Dialysis Centers, secured by certain equipment.
- (F) Due October 15, 2016, payable in monthly payments of approximately \$5,500, bearing interest at 4.25%, by the Surgery Center, secured by certain equipment.
- (G) Tax-exempt loan due in varying maturities through January 18, 2015, to Banc of America Public Capital Corp. and assigned to BB&T Equipment Finance Corporation effective July 1, 2012, payable in monthly payments of approximately \$42,000 through January 18, 2013, and approximately \$7,000 thereafter, bearing interest at 3.82% to 3.93%. The proceeds were used for the purchase of certain specified capital equipment that is required to serve as collateral.
- (H) Due December 7, 2013, payable \$6,266 monthly, including interest at 6.97%, by the Surgery Center, secured by certain property.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Aggregate annual maturities and sinking fund requirements of long-term debt at December 31, 2013, are

2014	\$ 3,466,999
2015	3,549,593
2016	3,681,551
2017	3,407,457
2018	3,470,414
Thereafter	<u>82,660,000</u>
	100,236,014
Plus unamortized bond premium, net	<u>294,533</u>
	<u><u>\$ 100,530,547</u></u>

Note 11: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for property acquisition in the amounts of \$248,250 and \$992,152 at December 31, 2013 and 2012, respectively.

Note 12: Financial Assistance and Community Benefit

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Medical Center does not pursue collection of amounts determined pursuant to its financial assistance policy, they are not reported in net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts that are less than established charges for the services provided to the recipients, and many times the payments are less than the cost of rendering the services provided.

In addition to uncompensated charges, the Medical Center 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.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

A summary of the costs incurred for services provided to patients qualifying for financial assistance, which includes both direct and indirect costs, and community benefit programs net of any associated revenue is as follows

	2013	2012
Benefits for Low-income/No-income Patients		
Financial assistance	\$ 3,910,441	\$ 3,886,350
Unpaid costs of Medicaid services	8,622,637	8,374,953
Community health services	523,035	406,295
	<u>13,056,113</u>	<u>12,667,598</u>
Benefits for Broader Community		
Community health services	263,810	216,821
Health professions education	150,000	150,000
Subsidized health services (<i>Note 15</i>)	3,062,000	2,892,000
Research	52,685	60,354
Donations	313,894	168,431
	<u>3,842,389</u>	<u>3,487,606</u>
Total	<u>\$ 16,898,502</u>	<u>\$ 16,155,204</u>

Note 13: Functional Expenses

The Medical Center provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2013	2012
Health care services	\$ 146,853,393	\$ 145,560,312
General and administrative	57,332,825	61,374,312
	<u>\$ 204,186,218</u>	<u>\$ 206,934,624</u>

Note 14: Pension Plan

The Medical Center has a defined contribution pension plan covering substantially all employees. The Board of Directors determines the amount, if any, of the Medical Center's contribution to the plan. Pension expense was \$2,356,307 and \$2,178,364 for the years ended December 31, 2013 and 2012, respectively.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 15: Related Party Transactions

Washington Regional Medical System

The Medical Center charges the Medical System for rent and various services. The Medical Center's revenues for such rent and services aggregated \$653,827 and \$638,287 in 2013 and 2012, respectively. Transfers to the Medical System of \$20,800,000 and \$15,150,000 were made during 2013 and 2012, respectively. In addition, the Medical Center has included in its financial statements accounts receivable of \$52,857 and \$36,674 as of December 31, 2013 and 2012, respectively, for amounts due from the Medical System. The Medical Center records an operating expense for subsidy payments to the Medical System equal to the amount of the operating loss less the provision for uncollectible accounts at certain clinics. For the years ended December 31, 2013 and 2012, the subsidy expense recorded was \$3,062,000 and \$2,892,000, respectively.

In 2013 and 2012, trauma physician support to the Medical System from the Medical Center was \$444,408 and \$412,733, respectively.

Washington Regional Medical Foundation

Washington Regional Medical Foundation was established to raise funds to support the operations of the Medical Center and other nonprofit health care entities. The Medical Center assumes responsibility for a portion of the operating expenses of the Foundation. For the years ended December 31, 2013 and 2012, such amounts aggregated \$413,358 and \$481,882, respectively, and are included in operating expenses. The Medical Center charges the Foundation for various administrative services. The Medical Center's revenues for such services aggregated \$45,793 and \$54,211 in 2013 and 2012, respectively. Transfers from the Foundation of \$927,264 and \$1,872,946 were received by the Medical Center in 2013 and 2012, respectively. In addition, the Medical Center has included in its financial statements accounts receivable of \$19,997 and \$1,656 as of December 31, 2013 and 2012, respectively.

Washington Regional Medical Services

Transfers from the Medical Services of \$4,299,143 were received during 2013. During 2011, the Medical Center advanced funds to Washington Regional Medical Services. Interest charged to Medical Services amounted to \$52,743 and \$86,748 for the years ended December 31, 2013 and 2012, respectively. The Medical Center leases a building from Medical Services, for which rental payments totaled \$383,201 and \$380,739 for the years ended December 31, 2013 and 2012, respectively. The Medical Center has included in its financial statements accounts payable of \$31,753 and accounts receivable of \$9,414 as of December 31, 2013 and 2012, respectively, for amounts due to/from Medical Services.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Washington Regional MediCorp.

Transfers from and to the MediCorp of \$2,327,012 and \$400,000 were received and made during 2013 and 2012, respectively. The Medical Center provides various services for Washington Regional MediCorp. The Medical Center's revenues for such services aggregated \$22,116 and \$108,846 in 2013 and 2012, respectively. In addition, the Medical Center has included accounts receivable of \$182,450 and \$12,109 in its financial statements as of December 31, 2013 and 2012, respectively, for amounts due from MediCorp. The Medical Center provided support to MediCorp for uninsured patients in the amount of \$67,902 in 2012. The related party transactions between the Medical Center and the MediCorp mentioned above involved Fayetteville City Hospital (FCH) and BrookStone Assisted Living, two components of MediCorp. The operations of FCH and BrookStone Assisted Living were discontinued on August 31, 2012, and October 31, 2013, respectively, resulting in the operations of MediCorp being completely discontinued in 2013.

Diversified Credit Services, Inc.

Diversified Credit Services, Inc. provides collection services for the Medical Center for accounts turned over before February 17, 2008. Subsequent to that date, the Medical Center performs collection activities on all new accounts. The Medical Center's expenses for such services amounted to \$10,170 in 2012 and none in 2013. The Medical Center has included in its financial statements accounts receivable of \$135,468 and \$134,955 as of December 31, 2013 and 2012, respectively, for amounts due from Diversified Credit Services, Inc.

Note 16: Disclosures About Fair Value of Assets and Liabilities

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

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying 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				
Corporate debt securities	\$ 20,919,917	\$ -	\$ 20,919,917	\$ -
Equity securities	7,602,184	7,602,184	-	-
Equity mutual funds	35,866,916	35,866,916	-	-
Fixed income mutual funds	36,317,532	36,317,532	-	-
Money market funds	12,934,858	12,356,351	578,507	-
U.S. Treasury obligations	1,577,851	1,577,851	-	-
Other investments	304,961	-	304,961	-
Total	<u>\$ 115,524,219</u>	<u>\$ 93,720,834</u>	<u>\$ 21,803,385</u>	<u>\$ 0</u>

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, 2012				
Corporate debt securities	\$ 20,069,732	\$ -	\$ 20,069,732	\$ -
Equity securities	5,019,021	5,019,021	-	-
Equity mutual funds	25,510,222	25,510,222	-	-
Fixed income mutual funds	35,229,999	35,229,999	-	-
Money market funds	13,371,108	12,287,651	1,083,457	-
U.S. Treasury obligations	3,587,838	3,587,838	-	-
Other investments	313,398	-	313,398	-
Total	<u>\$ 103,101,318</u>	<u>\$ 81,634,731</u>	<u>\$ 21,466,587</u>	<u>\$ 0</u>

The Medical Center did not have significant concentration in its mutual funds in 2013 or 2012

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Financial instruments carried at fair value	\$ 115,524,219	\$ 103,101,318
Financial instruments not carried at fair value		
Cash	285	285
Interest receivable	<u>393,745</u>	<u>362,399</u>
 Total investments	 <u><u>\$ 115,918,249</u></u>	 <u><u>\$ 103,464,002</u></u>

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 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; however, the Medical Center did not hold any Level 3 securities at December 31, 2013 or 2012.

Washington Regional Medical Center

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Fair Value of Financial Instruments

The following tables present estimated fair values of the Medical Center'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		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Carrying Amount		
December 31, 2013				
Financial assets				
Cash and cash equivalents	\$ 12,351,081	\$ 11,351,081	\$ 1,000,000	\$ -
Money market funds	12,934,858	12,356,351	578,507	-
Certificates of deposit	9,500,000	-	9,500,000	-
U S Treasury obligations	1,577,851	1,577,851	-	-
Corporate debt securities	20,919,917	-	20,919,917	-
Equity securities	7,602,184	7,602,184	-	-
Equity mutual funds	35,866,916	35,866,916	-	-
Fixed income mutual funds	36,317,532	36,317,532	-	-
Interest receivable	393,745	393,745	-	-
Other	304,961	-	304,961	-
Beneficial interest in net assets of Washington Regional Medical Foundation	534,194	-	-	534,194
Financial liabilities				
Long-term debt	100,530,547	-	99,473,915	-

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012		Carrying Amount		
Financial assets				
Cash	\$ 13,413,886	\$ 13,413,886	\$ -	\$ -
Money market funds	13,371,108	12,287,651	1,083,457	-
Certificates of deposit	4,543,144	-	4,543,144	-
U S Treasury obligations	3,587,838	3,587,838	-	-
Corporate debt securities	20,069,732	-	20,069,732	-
Equity securities	5,019,021	5,019,021	-	-
Equity mutual funds	25,510,222	25,510,222	-	-
Fixed income mutual funds	35,229,999	35,229,999	-	-
Interest receivable	362,399	362,399	-	-
Other	313,398	-	313,398	-
Beneficial interest in net assets of Washington Regional Medical Foundation		689,529	-	689,529
Financial liabilities				
Long-term debt	103,689,032	-	106,162,375	-

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

Cash and Cash Equivalents and Certificates of Deposit

The carrying amount approximates fair value

Interest in Net Assets of Washington Regional Medical Foundation

The carrying amount approximates fair value

Notes Payable and Long-term Debt

Fair value is estimated based on the borrowing rates currently available to the Medical Center for debt with similar terms and maturities

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

Note 17: 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*.

Professional Liability Claims

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

Employee Health Insurance

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

Litigation

In the normal course of business, the Medical Center 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 Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Medical Center 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.

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.

Washington Regional Medical Center
Notes to Consolidated Financial Statements
December 31, 2013 and 2012

It is possible 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 (DSH), will be substantially decreased. The Medicare DSH cuts are not applied evenly to providers nationwide and some may see their DSH payments increase in the near term. The Medical Center does not anticipate significant reductions in its DSH payments in the near term. Each state's participation in an expanded Medicaid program is optional. While the State of Arkansas recently enacted a form of Medicaid expansion through 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 it will have a negative impact on the Medical Center's net patient service revenue. In addition, it is possible the Medical Center will experience payment delays and other operational challenges during PPACA's implementation.

Supplementary Information

Washington Regional Medical Center
Consolidating Schedule – Balance Sheet Information
December 31, 2013

Assets

	Washington Regional Medical Center	North Hills Surgery Center, LLC
Current Assets		
Cash and cash equivalents	\$ 10,446,301	\$ 394,877
Short-term investments	9,500,000	-
Assets limited as to use – current	4,667,725	-
Patient accounts receivable, net of allowance	33,172,614	1,323,512
Other accounts receivable	222,823	-
Supplies	3,047,238	-
Prepaid expenses and other	1,765,532	-
Estimated amounts due from third-party payers	876,533	-
	<hr/>	<hr/>
Total current assets	63,698,766	1,718,389
	<hr/>	<hr/>
Assets Limited as to Use		
Internally designated	103,561,898	-
Held by trustee	12,356,351	-
	<hr/>	<hr/>
	115,918,249	0
Less amount required to meet current obligations	4,667,725	-
	<hr/>	<hr/>
	111,250,524	0
	<hr/>	<hr/>
Investments in and Advances to Equity Investees	14,482,122	-
	<hr/>	<hr/>
Beneficial Interest in Net Assets of Washington Regional Medical Foundation	534,194	-
	<hr/>	<hr/>
Property and Equipment, Net	129,634,679	1,185,343
	<hr/>	<hr/>
Other Assets		
Deferred financing costs	499,923	-
Other	2,585,244	-
	<hr/>	<hr/>
	3,085,167	0
	<hr/>	<hr/>
Total assets	<u><u>\$ 322,685,452</u></u>	<u><u>\$ 2,903,732</u></u>

Dialysis Centers of Northwest Arkansas, LLC	Washington Regional Rehabilitation Services, LLC	Washington Regional Occupational Services, LLC	Eliminations	Consolidated
\$ 1,432,176	\$ 67,799	\$ 9,643	\$ -	\$ 12,350,796
-	-	-	-	9,500,000
-	-	-	-	4,667,725
981,440	-	-	-	35,477,566
85,656	970,606	-	-	1,279,085
-	-	-	-	3,047,238
27,859	-	-	-	1,793,391
-	-	-	-	876,533
<u>2,527,131</u>	<u>1,038,405</u>	<u>9,643</u>	<u>(0)</u>	<u>68,992,334</u>
-	-	-	-	103,561,898
-	-	-	-	12,356,351
<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>115,918,249</u>
-	-	-	-	4,667,725
<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>111,250,524</u>
-	10,436,629	-	(14,293,657)	10,625,094
-	-	-	-	534,194
<u>637,035</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>131,457,057</u>
-	-	-	-	499,923
<u>57,904</u>	<u>-</u>	<u>-</u>	<u>(353,378)</u>	<u>2,289,770</u>
<u>57,904</u>	<u>(0)</u>	<u>(0)</u>	<u>(353,378)</u>	<u>2,789,693</u>
<u>\$ 3,222,070</u>	<u>\$ 11,475,034</u>	<u>\$ 9,643</u>	<u>\$ (14,647,035)</u>	<u>\$ 325,648,896</u>

Washington Regional Medical Center
Consolidating Schedule – Balance Sheet Information (Continued)
December 31, 2013

Liabilities and Net Assets

	Washington Regional Medical Center	North Hills Surgery Center, LLC
Current Liabilities		
Current maturities of long-term debt	\$ 3,278,774	\$ 60,590
Accounts payable	7,177,272	-
Accrued expenses	15,629,273	14,099
Estimated amounts due to third-party payers	7,411,683	-
	<hr/>	<hr/>
Total current liabilities	33,497,002	74,689
Long-term Debt	<hr/>	<hr/>
	96,596,327	124,224
Total liabilities	<hr/>	<hr/>
	130,093,329	198,913
Net Assets		
Unrestricted		
Washington Regional Medical Center	192,343,873	1,379,458
Noncontrolling interest	-	1,325,361
	<hr/>	<hr/>
Total unrestricted net assets	192,343,873	2,704,819
Temporarily restricted	<hr/>	<hr/>
	248,250	-
Total net assets	<hr/>	<hr/>
	192,592,123	2,704,819
Total liabilities and net assets	<hr/> <hr/>	<hr/> <hr/>
	\$ 322,685,452	\$ 2,903,732

Dialysis Centers of Northwest Arkansas, LLC	Washington Regional Rehabilitation Services, LLC	Washington Regional Occupational Services, LLC	Eliminations	Consolidated
\$ 127.635	\$ -	\$ -	\$ -	\$ 3,466.999
200.934	-	-	(353.378)	7,024.828
208.523	-	-	-	15,851.895
-	-	-	-	7,411.683
537.092	0	0	(353.378)	33,755.405
342.997	-	-	-	97,063.548
880.089	0	0	(353.378)	130,818.953
1,466.628	11,475.034	9,643	(14,293.657)	192,380.979
875.353	-	-	-	2,200.714
2,341.981	11,475.034	9,643	(14,293.657)	194,581.693
-	-	-	-	248,250
2,341.981	11,475.034	9,643	(14,293.657)	194,829.943
\$ 3,222.070	\$ 11,475.034	\$ 9,643	\$ (14,647.035)	\$ 325,648.896

Washington Regional Medical Center
Consolidating Schedule – Statement of Operations Information
Year Ended December 31, 2013

	Washington Regional Medical Center	North Hills Surgery Center, LLC
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual allowances and discounts)	\$ 229,843,337	\$ 7,373,559
Provision for uncollectible accounts	(28,737,434)	(17,114)
Net patient service revenue less provision for uncollectible accounts	201,105,903	7,356,445
Other	5,932,837	2,825
Total unrestricted revenues, gains and other support	207,038,740	7,359,270
Expenses and Losses		
Salaries and wages	72,822,896	1,854,614
Employee benefits	14,542,747	398,118
Supplies and other	83,549,611	3,678,130
Depreciation and amortization	12,958,311	305,734
Interest	4,922,338	12,623
Provider assessment tax	2,938,072	-
Loss from disposal of property and equipment	54,670	6,540
Total expenses and losses	191,788,645	6,255,759
Operating Income (Loss)	15,250,095	1,103,511
Other Income (Expense)		
Investment return	7,621,955	-
Contributions	11,150	-
Gain on investments in equity investees	5,564,433	-
Total other income (expense)	13,197,538	0
Excess (Deficiency) of Revenues Over Expenses	28,447,633	1,103,511
Distributions to noncontrolling interest	-	(533,542)
Distributions to Washington Regional Medical Center	-	(555,319)
Contributions from Washington Regional Medical Foundation of and for property acquisitions	927,264	-
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	588,568	-
Transfers to affiliates, net	(14,173,845)	-
Increase (Decrease) in Unrestricted Net Assets	\$ 15,789,620	\$ 14,650

Dialysis Centers of Northwest Arkansas, LLC	Washington Regional Rehabilitation Services, LLC	Washington Regional Occupational Services, LLC	Eliminations	Consolidated
\$ 9,110,422 (161,072)	\$ - -	\$ - -	\$ (414,744) -	\$ 245,912,574 (28,915,620)
8,949,350 514	0 -	0 -	(414,744) (567,627)	216,996,954 5,368,549
8,949,864	0	0	(982,371)	222,365,503
2,860,687	-	-	-	77,538,197
596,105	-	-	-	15,536,970
3,435,871	179	357	(982,371)	89,681,777
215,000	-	-	-	13,479,045
15,986	-	-	-	4,950,947
-	-	-	-	2,938,072
-	-	-	-	61,210
7,123,649	179	357	(982,371)	204,186,218
1,826,215	(179)	(357)	0	18,179,285
560	782	10	-	7,623,307
-	-	-	-	11,150
-	3,936,143	-	(5,595,604)	3,904,972
560	3,936,925	10	(5,595,604)	11,539,429
1,826,775	3,936,746	(347)	(5,595,604)	29,718,714
(512,000)	-	-	-	(1,045,542)
(768,000)	(3,950,000)	-	5,273,319	-
-	-	-	-	927,264
-	-	-	-	588,568
-	-	-	-	(14,173,845)
\$ 546,775	\$ (13,254)	\$ (347)	\$ (322,285)	\$ 16,015,159

Washington Regional Medical Center
Consolidating Schedule – Statement of Changes in Net Assets Information
Year Ended December 31, 2013

	Washington Regional Medical Center	North Hills Surgery Center, LLC
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 28,447,633	\$ 1,103,511
Distributions to noncontrolling interest	-	(533,542)
Distributions to Washington Regional Medical Center	-	(555,319)
Contributions from Washington Regional Medical Foundation of and for property acquisitions	927,264	-
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	588,568	-
Transfers to affiliates	(14,173,845)	-
	<u>15,789,620</u>	<u>14,650</u>
Increase (decrease) in unrestricted net assets		
Temporarily Restricted Net Assets		
Change in beneficial interest in net assets of Washington Regional Medical Foundation for property acquisitions	(743,902)	-
	<u>(743,902)</u>	<u>0</u>
Decrease in temporarily restricted net assets		
Change in Net Assets	15,045,718	14,650
Net Assets, Beginning of Year	<u>177,546,405</u>	<u>2,690,169</u>
Net Assets, End of Year	<u><u>\$ 192,592,123</u></u>	<u><u>\$ 2,704,819</u></u>

Dialysis Centers of Northwest Arkansas, LLC	Washington Regional Rehabilitation Services, LLC	Washington Regional Occupational Services, LLC	Eliminations	Consolidated
\$ 1,826,775	\$ 3,936,746	\$ (347)	\$ (5,595,604)	\$ 29,718,714
(512,000)	-	-	-	(1,045,542)
(768,000)	(3,950,000)	-	5,273,319	-
-	-	-	-	927,264
-	-	-	-	588,568
-	-	-	-	(14,173,845)
546,775	(13,254)	(347)	(322,285)	16,015,159
-	-	-	-	(743,902)
0	0	0	0	(743,902)
546,775	(13,254)	(347)	(322,285)	15,271,257
1,795,206	11,488,288	9,990	(13,971,372)	179,558,686
\$ 2,341,981	\$ 11,475,034	\$ 9,643	\$ (14,293,657)	\$ 194,829,943

Washington Regional Medical Center

Schedule of State Assistance

For the Year Ended December 31, 2013

Program Grantor/ Program Title	Contract Number	State Revenues	State Expenditures
<u>Arkansas Department of Health</u>			
Trauma Hospital Sustaining Sub Grant	4600027037	\$ 90,309	\$ 90,309
Trauma Hospital Sustaining Sub Grant	4600029608	<u>600,000</u>	<u>600,000</u>
Total		<u><u>\$ 690,309</u></u>	<u><u>\$ 690,309</u></u>

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Washington Regional Medical Center
Fayetteville, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Washington Regional Medical Center and its subsidiaries (the Medical Center), which comprise the balance sheet as of December 31, 2013, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2014.

Internal Control over Financial Reporting

Management of the Medical Center is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Medical Center's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Medical Center's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Medical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Little Rock, Arkansas
April 9, 2014

Washington Regional Medical Center
Schedule of Audit Findings and Responses
Year Ended December 31, 2013

Summary of Auditor's Results

- 1 The opinion expressed in the independent auditor's report was
☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed
- 2 The independent auditor's report on internal control over financial reporting described
Significant deficiency(ies)? ☐ Yes ☒ No
Material weakness(es)? ☐ Yes ☒ No
- 3 Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No