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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
GASTON MEMORIAL HOSPITAL INC

Doing Business As
CAROMONT REGIONAL MEDICAL CTR

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2525 COURT DRIVE PO BOX 1747

City or town, state or province, country, and ZIP or foreign postal code
GASTONIA, NC 280531747

D Employer identification number
56-0619359

E Telephone number
(704) 834-2000

G Gross receipts $ 424,191,094

F Name and address of principal officer
DAVID O'CONNOR
2525 COURT DRIVE PO BOX 1747
GASTONIA, NC 280531747

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW CAROMONT ORG

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

L Year of formation 1945

M State of legal domicile NC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	3,269
6	Total number of volunteers (estimate if necessary)	6	259
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	376,650
b	Net unrelated business taxable income from Form 990-T, line 34	7b	100,276

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	608,905	440,277
9	Program service revenue (Part VIII, line 2g)	405,334,757	414,500,109
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	90,192	98,660
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,249,575	8,902,747
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	412,283,429	423,941,793
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	628,195	1,026,120
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	173,879,833	170,707,984
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	206,686,229	211,881,223
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	381,194,257	383,615,327
19	Revenue less expenses Subtract line 18 from line 12	31,089,172	40,326,466

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	350,012,184	372,724,775
21	Total liabilities (Part X, line 26)	304,823,821	316,668,651
22	Net assets or fund balances Subtract line 21 from line 20	45,188,363	56,056,124

Part II Signature Block

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

Sign Here

****** 2015-04-30
Signature of officer Date

DAVID O'CONNOR EVP, CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
AMY BIBBY				P00445891

Firm's name ▶ DIXON HUGHES GOODMAN LLP — Firm's EIN ▶ 56-0747981

Firm's address ▶ 500 RIDGEFIELD COURT ASHEVILLE, NC 28806 — Phone no (828) 254-2254

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE

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 $ 358,438,679 including grants of $ 1,026,120) (Revenue $ 414,647,704)

CAROMONT REGIONAL MEDICAL CENTER PROVIDES INPATIENT, OUTPATIENT, EMERGENCY, SURGICAL, WELLNESS AND PREVENTIVE CARE SERVICES TO THE RESIDENTS OF GASTON COUNTY AND SURROUNDING AREAS AT ITS 435 BED ACUTE CARE FACILITY PLEASE SEE SCHEDULE O FOR A CONTINUATION OF OUR PROGRAM SERVICE ACCOMPLISHMENTS

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 358,438,679

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	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	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? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	448		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,269		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** 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	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			**7b** Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			**8a** Yes	
b	Each committee with authority to act on behalf of the governing body?			**8b** Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*			**9**	No

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

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

Section C. Disclosure

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

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

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

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

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

▶ DAVID O'CONNOR 2525 COURT DRIVE
GASTONIA, NC 28054 (704) 834-2000

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) MR H SPURGEON MACKIE JR CHAIR - 2013	1 00 1 00	X		X				0	0	0
(2) SHEILA S REILLY PHD CHAIR - 2014	1 00 1 00	X		X				0	0	0
(3) MR DONNIE LOFTIS VICE CHAIR - 2014	1 00 1 00	X		X				0	0	0
(4) MR W BARRY SMITH SECRETARY THROUGH 2013	1 00 1 00	X		X				0	0	0
(5) MS ANNETTE CARTER SECRETARY AS OF 2014	1 00 1 00	X		X				0	7,340	0
(6) MR M VINCENT QUINN TREASURER	1 00 1 00	X		X				0	0	0
(7) MR JAMES R BEAM DIRECTOR	1 00 1 00	X						0	0	0
(8) MR JAMES W BAILEY DIRECTOR	1 00 1 00	X						0	0	0
(9) MR WILLIAM ANTHONY DIRECTOR	1 00 1 00	X						0	0	0
(10) MR W MICHAEL DICKSON DIRECTOR	1 00 1 00	X						0	0	0
(11) MRS MARY FRANCES FORRESTER DIRECTOR	1 00 1 00	X						0	0	0
(12) DR CHARLES MEAKIN III DIRECTOR	1 00 1 00	X						0	0	0
(13) MS SUSIE BROWN DIRECTOR THROUGH 2013	1 00 1 00	X						0	0	0
(14) MR DAVID ALLEN SMITH DIRECTOR	1 00 1 00	X						0	0	0
(15) MR R JASON WILLIAMS DIRECTOR	1 00 1 00	X						0	0	0
(16) DR GE WARD ADCOCK III CHIEF-OF-STAFF	1 00 39 00	X						20,000	272,180	26,803
(17) DOUG LUCKETT CEO/PRESIDENT	40 00 10 00			X				712,139	0	129,918

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) DAVID O'CONNOR EVP/CFO/ASST TREASURER	40 00 10 00			X				475,002	0	98,510
(19) MARIA LONG EVP CHIEF LEGAL OFFICER/ASST SECRETARY	40 00 10 00			X				381,516	0	72,932
(20) KATHLEEN K BESSON EVP/COO	40 00 10 00				X			329,336	0	74,874
(21) TODD DAVIS MD VP MEDICAL AFFAIRS	40 00 10 00					X		380,097	0	71,032
(22) MICHAEL R JOHNSON VP CIO	40 00 10 00					X		330,900	0	71,226
(23) W K HARWELL VP PATIENT CARE	40 00 10 00					X		305,239	0	34,104
(24) ELIZABETH MCCRAW VP HUMAN RESOURCES	40 00 10 00					X		265,947	0	60,415
(25) ANDREA K SERRA VP WELLNESS DEVELOPMENT	40 00 10 00					X		264,048	0	51,785
(26) RANDALL L KELLEY FORMER OFFICER	0 00						X	690,063	0	48,062
(27) JERRY LEVINE FORMER KEY EMPLOYEE	0 00						X	597,216	0	35,613
(28) PENNY P COWDEN FORMER HIGHLY COMPENSATED	0 00						X	222,507	0	13,214
(29) CRAIG A DUNKER FORMER HIGHLY COMPENSATED	0 00						X	188,045	0	2,368
(30) STEVEN A RUBIN FORMER HIGHLY COMPENSATED	0 00						X	109,009	0	175
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								5,271,064	279,520	791,031

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 124

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MORRISONS MANAGEMENT SPECIALISTS 5801 PEACHTREE DRIVE ATLANTA GA 30342	FOOD SERVICES	4,230,542
ARAMARK HEALTHCARE 1101 MARKET STREET PHILADELPHIA PA 19107	BIOMED SERVICES	4,005,153
DUNN SOUTHEAST INC 6101 CARNEGIE BLVD STE 400 CHARLOTTE NC 28209	CONSTRUCTION	3,836,762
SHARED (SIEMENS) MEDICAL SOLUTIONS 51 VALLEY STREAM PARKWAY MALVERN PA 19355	INFORMATION SYSTEMS	2,721,452
MONTEITH CONSTRUCTION CORP 223 NORTH GRAHAM STREET STE 100 CHARLOTTE NC 28202	CONSTRUCTION	1,807,402

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 ▶ 74

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	406,982			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	33,295			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		440,277			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES REVENUE	621500	411,831,855	411,831,855		
	b	PREMIER PSHP INCOME	541900	2,349,001	2,363,022	-14,021	
	c	ANCILLARY REVENUE	621500	319,253	319,253		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		414,500,109			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		259,811			259,811
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	2,685				
	b	Less cost or other basis and sales expenses	2,125	161,711			
	c	Gain or (loss)	560	-161,711			
	d	Net gain or (loss) . . . . . ▶			-161,151			-161,151
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . .	a					
	b	Less direct expenses . . .	b					
	c	Net income or (loss) from fundraising events . . ▶						
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a					
	b	Less direct expenses . . .	b					
	c	Net income or (loss) from gaming activities . . ▶						
	10a	Gross sales of inventory, less returns and allowances .	a	98,043				
	b	Less cost of goods sold . .	b	85,465				
	c	Net income or (loss) from sales of inventory . . ▶			12,578			12,578
		Miscellaneous Revenue		Business Code				
	11a	MEANINGFUL USE		621500	3,644,017			3,644,017
	b	PHARMACY REVENUE		621500	2,359,882			2,359,882
	c	CAFETERIA & VENDING INCOME		722210	2,018,627			2,018,627
	d	All other revenue			867,643	133,574	390,671	343,398
	e	**Total.** Add lines 11a–11d . . . . . ▶			8,890,169			
	12	**Total revenue.** See Instructions . . . . . ▶			423,941,793	414,647,704	376,650	8,477,162

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	985,567	985,567		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	40,553	40,553		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,274,227	454,845	1,819,382	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	135,508,050	122,847,672	12,660,378	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,817,430	6,100,975	716,455	
9 Other employee benefits	16,211,620	14,507,915	1,703,705	
10 Payroll taxes	9,896,657	8,856,601	1,040,056	
11 Fees for services (non-employees)				
a Management	429,669	429,669		
b Legal	634,949		634,949	
c Accounting	121,604		121,604	
d Lobbying	160,914		160,914	
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	36,035,135	31,977,701	4,057,434	
12 Advertising and promotion	367,729	96,047	271,682	
13 Office expenses	2,857,681	1,496,767	1,360,914	
14 Information technology	641,449	641,449		
15 Royalties . .				
16 Occupancy	9,228,504	9,228,504		
17 Travel	131,036	94,913	36,123	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	571,715	304,284	267,431	
20 Interest	8,451,179	8,451,179		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	23,620,785	23,620,785		
23 Insurance	3,221,709	3,221,709		
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 UBI TAX	7,268		7,268	
b SUPPLIES	72,911,696	72,911,696		
c BAD DEBT	43,014,968	43,014,968		
d EQUIPMENT	4,423,388	4,423,388		
e All other expenses	5,049,845	4,731,492	318,353	
25 **Total functional expenses.** Add lines 1 through 24e	383,615,327	358,438,679	25,176,648	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		27,684	1	677
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		44,345,810	4	52,885,169
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	2,499
	8	Inventories for sale or use		6,668,612	8	7,251,509
	9	Prepaid expenses and deferred charges		9,382,675	9	9,145,373
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 475,878,478			
	b	Less accumulated depreciation	10b 265,194,064	198,570,572	10c	210,684,414
	11	Investments—publicly traded securities		9,490	11	10,190
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		472,338	13	1,664,300
	14	Intangible assets		2,311,646	14	2,311,646
	15	Other assets See Part IV, line 11		88,223,357	15	88,768,998
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		350,012,184	16	372,724,775
Liabilities	17	Accounts payable and accrued expenses		40,942,536	17	47,356,576
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		201,369,253	20	195,717,418
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		62,512,032	25	73,594,657
	26	**Total liabilities.** Add lines 17 through 25		304,823,821	26	316,668,651
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		45,178,875	27	56,045,938
	28	Temporarily restricted net assets		9,488	28	10,186
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		45,188,363	33	56,056,124
	34	Total liabilities and net assets/fund balances		350,012,184	34	372,724,775

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	423,941,793
2	Total expenses (must equal Part IX, column (A), line 25)	2	383,615,327
3	Revenue less expenses Subtract line 2 from line 1	3	40,326,466
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	45,188,363
5	Net unrealized gains (losses) on investments	5	562
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	-29,459,267
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	56,056,124

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE 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	Employer identification number
GASTON MEMORIAL HOSPITAL INC	56-0619359

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
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-		

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

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? ☐ Yes ☐ 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		81,033
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		79,881
j	Total Add lines 1c through 1i			160,914
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	ANNUAL DUES WERE PAID TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION, OF WHICH $28,472 WAS DETERMINED TO BE EXPENDITURES USED IN LOBBYING ACTIVITIES BY THESE ORGANIZATIONS AN ADDITIONAL $51,409 IN LEGAL FEES WERE PAID FOR LOBBYING EXPENDITURES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	9,488	8,149	6,999	6,513	
b	Contributions		1,500	1,500		
c	Net investment earnings, gains, and losses	1,251	962	221	966	
d	Grants or scholarships					
e	Other expenditures for facilities and programs	553	1,123	571		
f	Administrative expenses				480	
g	End of year balance	10,186	9,488	8,149	6,999	

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

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,218,480		2,218,480
b Buildings		258,338,072	127,590,035	130,748,037
c Leasehold improvements		1,437,153	755,803	681,350
d Equipment		186,341,598	136,848,226	49,493,372
e Other		27,543,175		27,543,175
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				210,684,414

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

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

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

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

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

(a) Description	(b) Book value
(1) PREPAID PENSION OBLIGATION	50,143,969
(2) DEFERRED FINANCING COSTS	1,871,511
(3) OTHER RECEIVABLES	4,578,967
(4) 457B PLAN ASSETS	7,042,331
(5) DEFERRED CHARGE - INTEREST RATE SWAP	23,495,262
(6) 457F PLAN ASSETS	1,636,958
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	88,768,998

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
457B PLAN LIABILITY	7,042,331
ESTIMATED 3RD PARTY SETTLEMENTS	41,420,106
INTEREST RATE SWAP LIABILITY	23,495,262
457F PLAN LIABILITY	1,636,958
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	73,594,657

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	353,586,504
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	562		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-70,355,851		
e	Add lines **2a** through **2d**			2e	-70,355,289
3	Subtract line **2e** from line **1**			3	423,941,793
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	423,941,793

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	340,600,359
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	340,600,359
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	43,014,968		
c	Add lines **4a** and **4b**			4c	43,014,968
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	383,615,327

Part XIII Supplemental Information

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

Return Reference	Explanation
PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT FUNDS ARE USED FOR ONCOLOGY MEDICATIONS FOR INDIGENT PATIENTS
PART X, LINE 2	THE SYSTEM IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE THE SYSTEM HAS DETERMINED THAT IT DOES NOT HAVE ANY UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2014 AND 2013, RESPECTIVELY FISCAL YEARS ENDING ON OR AFTER JUNE 30, 2011 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES
PART XI, LINE 2D - OTHER ADJUSTMENTS	BAD DEBT -43,014,968 CHANGE IN VALUE OF INTEREST RATE SWAP -1,674,321 INTERCOMPANY TRANSFERS -25,666,562
PART XII, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT 43,014,968

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			9,562,088	0	9,562,088	2 810 %
b Medicaid (from Worksheet 3, column a)			57,653,495	46,918,229	10,735,266	3 150 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			67,215,583	46,918,229	20,297,354	5 960 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,554,228	8,540	1,545,688	0 450 %
f Health professions education (from Worksheet 5)			3,022,483	215,304	2,807,179	0 820 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)	70		1,515,337	706,440	808,897	0 240 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,343,874		1,343,874	0 390 %
j **Total.** Other Benefits	70		7,435,922	930,284	6,505,638	1 900 %
k **Total.** Add lines 7d and 7j	70		74,651,505	47,848,513	26,802,992	7 860 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			1,211,764		1,211,764	0 360 %
9 Other						
10 **Total**			1,211,764		1,211,764	0 360 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	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	43,014,968		
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	3,461,698		
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	104,168,004		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	102,498,777		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,669,227		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group CAROMONT REGIONAL MEDICAL CENTER

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW CAROMONTHEALTH ORG			
b	☑ Other website (list url) WWW GASTONGOV COM/DEPARTMENTS/HEALTH-AND-HUMAN			
c	☑ Available upon request from the hospital facility			
d	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

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 3C	REGARDLESS OF INCOME, ASSETS ARE ALSO USED TO DETERMINE IF A PATIENT QUALIFIES FOR CHARITY BELOW IS THE VERBIAGE FROM THIS POLICY EXEMPT ASSETSTHE PRIMARY RESIDENCE ON UP TO (1) ACRE OF LAND, ONE AUTOMOBILE FOR EACH WORKING AGED ADULT, AND OTHER ASSETS, INCLUDING BUT NOT LIMITED TO, RETIREMENT FUNDS, INVESTMENTS AND OTHER FINANCIAL ASSETS, CASH VALUE OF LIFE INSURANCE POLICIES, AND EQUITY IN PROPERTY OR REAL ASSETS, TOTALING UP TO $25,000 ARE EXEMPT FROM CONSIDERATION AS ASSETS IN DETERMINING CHARITY CARE ELIGIBILITY ANNUAL INCOME FROM PROPERTY OF REAL ASSETS WILL BE DEDUCTED FROM THE AMOUNT OF EQUITY IN THE ASSET WHEN CALCULATING THE EXEMPTION

Form and Line Reference	Explanation
PART I, LINE 7	THE COSTING METHODOLOGY USED IS A COST ACCOUNTING SYSTEM ALL PATIENT SEGMENTS ARE INCLUDED THIS SYSTEM ASSIGNS DIRECT COSTS TO SUPPLIES, PROCEDURES, ROUTINE AND SPECIALTY ROOM RATES BASED ON THE DEPARTMENT OF ORIGINATION FIXED COSTS ARE ALLOCATED BASED ON STATISTICAL BASIS THESE COSTS ARE THEN AGGREGATED AT THE PATIENT LEVEL AND TABULATED BY PAYOR TYPE NO COST TO CHARGE RATIOS WERE USED IN THE CALCULATIONS

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	43,014,968 BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSES PRIOR TO CALCULATING PERCENT OF TOTAL EXPENSE

Form and Line Reference	Explanation
PART I, LINE 6A	COMMUNITY BENEFIT REPORT THE ORGANIZATION'S COMMUNITY BENEFIT REPORT MADE AVAILABLE TO THE PUBLIC CONTAINS COMMUNITY BENEFITS FOR ALL RELATED ORGANIZATIONS TO THE HOSPITAL

Form and Line Reference	Explanation
PART I, LINE 7H	RESEARCH ACTIVITIES CAROMONT HEALTH IS INVOLVED IN APPROXIMATELY 75 RESEARCH STUDIES, APPROXIMATELY FORTY PERCENT OF WHICH ARE CLINICAL TRIALS COOPERATIVE GROUP PROGRAM STUDIES SPONSORED BY THE NATIONAL CANCER INSTITUTE (NCI) CAROMONT HEALTH ALSO PARTICIPATES IN DRUG AND DEVICE STUDIES SPONSORED BY VARIOUS PHARMACEUTICAL, BIOTECHNOLOGY, AND DEVICE COMPANIES, AS WELL AS UNFUNDED NURSING AND PHARMACY RESEARCH STUDIES

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	WORKFORCE DEVELOPMENT - CAROMONT HEALTH'S RECRUITMENT OF PHYSICIANS INTO THE FIVE COUNTIES THE SYSTEM SERVES IS DRIVEN BY THE CHANGING LANDSCAPE OF HEALTHCARE REFORM THE SYSTEM RECRUITS BASED ON A MEDICAL STAFF DEVELOPMENT PLAN THAT IDENTIFIES COMMUNITY HEALTH CARE NEEDS FOR THE NEXT FIVE YEARS THE SYSTEM'S GOAL IS TO BE PRO-ACTIVE AND ANTICIPATORY SO THAT THE HEALTHCARE NEEDS OF THE COMMUNITY ARE MET IN A QUALITY DRIVEN AND CONVENIENT MANNER

Form and Line Reference	Explanation
PART III, LINE 4	LINE 2 TOTAL CHARGES AND THE CHARGES WRITTEN OFF TO BAD DEBT WERE TABULATED AT THE PATIENT LEVEL AND ARE REPORTED AT THE AMOUNT CHARGED TO PATIENTS ACCOUNTS ARE RESERVED AS BAD DEBT BASED ON AN ACCOUNTS RECEIVABLE AGING METHODOLOGY WHEN ACCOUNTS ARE SENT TO A COLLECTION AGENCY, THEY ARE WRITTEN OFF THE ACCOUNTS RECEIVABLE SYSTEM ANY SUBSEQUENT COLLECTIONS ON THE ACCOUNTS ARE POSTED AS RECOVERIES AND REDUCE THE EXPENSE ALL UNINSURED PATIENTS RECEIVE A DISCOUNT ON THEIR BILL, WHICH IS RECORDED AS A CONTRACTUAL ADJUSTMENT THE AMOUNT OF THE UNINSURED DISCOUNTS ARE EXCLUDED FROM BAD DEBT EXPENSE LINE 3 CHARGES FOR SERVICES PROVIDED IN THE EMERGENCY DEPARTMENT ARE EVALUATED FOR CHARITY BASED ON MEANS TESTING CHARGES FOR SERVICES PROVIDED ELSEWHERE IN THE HOSPITAL ARE EVALUATED FOR CHARITY BASED ON MEANS TESTING AND/OR APPLICATIONS FILED BY THE PATIENTS IF NO MEANS TESTING IS DONE AND NO APPLICATION IS FILED, THE UNPAID AMOUNT IS WRITTEN-OFF TO BAD DEBT THE % OF PATIENTS QUALIFYING FOR CHARITY IN THE EMERGENCY DEPARTMENT WAS APPLIED TO THE REMAINDER OF THE HOSPITAL TO DETERMINE THE % OF BAD DEBT PATIENTS WHO COULD HAVE BEEN CHARITY LINE 4 THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE ON BAD DEBT EXPENSE BAD DEBT EXPENSE IS REPORTED AS A DEDUCTION FROM PATIENT REVENUE

Form and Line Reference	Explanation
PART III, LINE 8	THE MEDICARE COST REPORT STANDARD COSTING METHODOLOGY WAS FOLLOWED WHEN FILING THE COST REPORT THIS IS A STEP DOWN METHODOLOGY THAT APPLIES THE AVERAGE PATIENT COST TO MEDICARE PATIENTS THE COST REPORT ALSO DOES NOT ALLOW HOSPITALS TO REPORT ALL OPERATING COSTS BECAUSE OF THESE TWO ISSUES, THE MEDICARE COST REPORT METHODOLOGY UNDERSTATES THE TRUE COST OF TREATING MEDICARE PATIENTS USING TOTAL COSTS FROM MEDICARE PATIENTS, THE HOSPITAL HAD AN ACTUAL MEDICARE SHORTFALL OF $13 4 MILLION

Form and Line Reference	Explanation
PART III, LINE 9B	THE POLICY CONTAINS PROVISIONS ON THE COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE BELOW IS VERBIAGE FROM THE CHARITY POLICY CAROMONT REGIONAL MEDICAL CENTER OFFERS MEDICAL SERVICES FREE OR AT A REDUCED RATE THROUGH THE CHARITY CARE PROGRAM DETERMINATION OF FULL OR PARTIAL CHARITY CARE WILL BE BASED ON THE PATIENT'S INCOME, FAMILY SIZE, AND ASSETS POTENTIAL ELIGIBILITY EXISTS ONLY AFTER REIMBURSEMENT EFFORTS FROM ALL OTHER THIRD PARTY RESOURCES, FEDERAL, STATE, AND LOCAL ASSISTANCE PROGRAMS HAVE BEEN EXHAUSTED

Form and Line Reference	Explanation
PART VI, LINE 2	CAROMONT HEALTH ESTABLISHES COMMUNITY PRIORITIES THROUGH A NUMBER OF MECHANISMS - LEADERSHIP OPINIONS ARE SOUGHT TO HELP IDENTIFY NEEDED SERVICES IN THE COMMUNITY VIA PARTNERSHIPS WITH THE GASTON COUNTY DEPARTMENT OF HEALTH & HUMAN SERVICES, LOCAL NON-PROFIT ORGANIZATIONS FOCUSED ON HEALTH IMPROVEMENT IN OUR COMMUNITIES AND OTHER HEALTH-FOCUSED ENTITIES CAROMONT HEALTH ALSO WORKS WITH COMMUNITY AGENCIES TO CONDUCT COMMUNITY NEEDS ASSESSMENTS AND QUALITY OF LIFE SURVEYS EVERY TWO TO THREE YEARS - PATIENT SATISFACTION DATA IS ANALYZED TO DETERMINE WHERE AND/OR HOW SERVICES NEED TO BE IMPROVED - SERVICE AREA DATA (VITAL STATISTICS, DEMOGRAPHICS AND UTILIZATION) ARE ANALYZED FOR TRENDS THIS INFORMATION IS COORDINATED WITH PUBLIC HEALTH DATA TO DETERMINE VOIDS AND SERVICE AREA HEALTH PROBLEMS - FINDINGS FROM COMMUNITY SURVEYS/REPORTS PUBLISHED BY OTHER ORGANIZATIONS (UNITED WAY, CHAMBER OF COMMERCE, PARTNERSHIP FOR CHILDREN, GASTON COUNTY, ETC) ARE GATHERED AND REVIEWED FOR PERTINENCE TO COMMUNITY HEALTH PROBLEMS - CAROMONT REGIONAL MEDICAL CENTER THROUGH THE GASTON COMMUNITY HEALTHCARE COMMISSION IN CONJUNCTION WITH THE GASTON COUNTY HEALTH DEPARTMENT CONDUCTS A COMMUNITY ASSESSMENT EVERY THREE YEARS THE MOST RECENT STUDY CONCLUDED IN THE FALL OF 2012 AND WAS PUBLISHED IN JANUARY 2013 THIS ASSESSMENT GATHERS OPINIONS AND IS COMBINED WITH PUBLIC HEALTH DATA TO DETERMINE THE TOP FOUR COMMUNITY-WIDE HEALTH ISSUES SERVICE AREA STRENGTHS, WEAKNESSES AND OPPORTUNITIES ARE USED AS A BASIS FOR ESTABLISHING COMMUNITY PRIORITIES ALL THIS INFORMATION IS USED TO ESTABLISH ORGANIZATIONAL PRIORITIES, IDENTIFY AGENCIES AND ORGANIZATIONS TO BE INVOLVED IN RESOLVING COMMUNITY ISSUES, AND IMPLEMENT PROGRAMS TO RESOLVE IDENTIFIED ISSUES GOALS, OBJECTIVES AND STRATEGIES ARE ESTABLISHED AND THE PROGRESS IS EVALUATED ON AN ANNUAL BASIS - BOARD MEMBERS, SENIOR MANAGEMENT AND DEPARTMENT DIRECTORS ARE INVOLVED IN NUMEROUS ORGANIZATIONS THROUGH THIS NETWORK OF RELATIONSHIPS, FURTHER INFORMATION ABOUT THE COMMUNITY AND THE NEEDS OF AREA RESIDENTS AND ORGANIZATIONS ARE USED IN THE DEVELOPMENT OF PROGRAMS AND SERVICES AVAILABLE THOUGH CAROMONT HEALTH

Form and Line Reference	Explanation
PART VI, LINE 3	THE ORGANIZATION INFORMS AND EDUCATES THE PATIENTS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE IN SEVERAL WAYS A CHARITY AND FINANCIAL SUMMARY IS ON OUR WEBSITE, BROCHURES ARE DISTRIBUTED IN THE EMERGENCY ROOM AND ALL OTHER REGISTRATION SITES SPECIFICALLY TRAINED STAFF (FINANCIAL COUNSELORS AND BENEFIT ELIGIBILITY SPECIALISTS) PROACTIVELY MAKE CONTACT WITH PATIENTS PRIOR TO, AT TIME OF SERVICE, AND/OR AFTER DISCHARGE TO DISCUSS ELIGIBILITY FOR MEDICAID AND OTHER INSURANCE BENEFITS AND OFFER ASSISTANCE WITH APPLICATIONS THE COMMUNICATION IS ATTEMPTED AS SOON AS POSSIBLE WRITTEN COMMUNICATION IS MADE PRIOR TO COLLECTION AGENCY PLACEMENT

Form and Line Reference	Explanation
PART VI, LINE 4	GASTON COUNTY, LOCATED IN THE PIEDMONT REGION OF NORTH CAROLINA, IS THE ORGANIZATION'S PRIMARY MARKET LINCOLN, CLEVELAND AND YORK COUNTY, AS WELL AS THE NORTHWEST PORTION OF MECKLENBURG COUNTY, IS THE HOSPITAL'S SECONDARY MARKET THERE ARE NO OTHER ACUTE CARE HOSPITALS IN THE PRIMARY SERVICE AREA ACCORDING TO THE U S CENSUS BUREAU, GASTON COUNTY HAD AN ESTIMATED POPULATION OF 209,420 (2013), A MEDIAN HOUSEHOLD INCOME OF $43,220 (2008-2012), AND 17% PERSONS BELOW POVERTY LEVEL (2008-2012) THE ETHIC/RACIAL DEMOGRAPHICS STATE THAT 80 5% OF THE POPULATION IDENTIFY THEMSELVES AS WHITE, 15 8% AS BLACK OR AFRICAN AMERICAN, 6 2% AS HISPANIC AND 1 4% AS ASIAN DURING THE YEAR, 7 5% OF THE HOSPITAL'S GROSS CHARGES WERE FROM UNINSURED PATIENTS AND 15 2% FROM MEDICAID PATIENTS

Form and Line Reference	Explanation
PART VI, LINE 5	ACCOUNTABLE CARE ORGANIZATIONTHE INSTITUTE FOR HEALTHCARE IMPROVEMENT HAS ESTABLISHED A TRIO OF OBJECTIVES CALLED THE TRIPLE AIM, WHICH CAROMONT HEALTH HAS ADOPTED 1 IMPROVE THE HEALTH OF THE POPULATION2 ENHANCE THE PATIENT EXPERIENCE (QUALITY, ACCESS, RELIABILITY)3 CONTROL COSTSTHESE THREE OBJECTIVES ARE ALL CRITICAL COMPONENTS IN BEING WHAT IS KNOWN IN THE INDUSTRY AS AN ACCOUNTABLE CARE ORGANIZATION (ACO) IN OUR STEPS TOWARD BECOMING AN ACO, CAROMONT HEALTH HAS EXECUTED CHANGES THAT HAVE LEAD, AND WILL CONTINUE TO LEAD, TO BETTER COORDINATED CARE WITH BETTER OUTCOMES AT LOWER COSTS FOR PATIENTS WE ALSO EMBRACE THE "MEDICAL HOME" CONCEPT, WHICH IS A NATIONAL INITIATIVE DESIGNED TO IMPROVE HEALTH CARE QUALITY MEDICAL HOMES ARE PATIENT CENTERED, TEAM-BASED APPROACHES TO CARE THAT HAVE BEEN SHOWN TO REDUCE HOSPITAL ADMISSIONS AND DECREASE COSTS COMMUNITY HEALTHOUR COMMUNITY HEALTH INITIATIVES ARE FOCUSED PRIMARILY ON DISEASE PREVENTION AND BETTER MANAGEMENT OF CHRONIC ILLNESSES THAT INCLUDES WORKING WITH LOCAL EMPLOYERS ON INNOVATIVE PROGRAMS AND COLLABORATING WITH OUR HEALTH CARE NEIGHBORS, AS WELL AS WORKING TO MANAGE THIS ILLNESS WITH THE OUR OWN WORKFORCE THROUGH INNOVATION AND A FOCUS ON COMMUNITY WELLNESS, CAROMONT HEALTH IS DETERMINED TO MAKE POSITIVE IMPACT ON HEALTH AND WELLNESS OF THE POPULATIONS WE SERVE PATIENT CENTERED MEDICAL HOMETHE PATIENT-CENTERED MEDICAL HOME IS A HEALTH CARE SETTING THAT FACILITATES PARTNERSHIPS BETWEEN PATIENTS AND THEIR PERSONAL PHYSICIANS THE PROGRAM PROVIDES MEDICAL PRACTICES WITH INFORMATION ABOUT ORGANIZING PATIENT-CENTERED CARE, WORKING IN TEAMS, AND COORDINATING AND TRACKING DURING THE CONTINUUM OF CARE CURRENTLY, ALL PRIMARY CARE PRACTICES IN OUR SYSTEM ARE RECOGNIZED AS LEVEL 3 PATIENT-CENTERED MEDICAL HOMES BY THE NATIONAL COMMITTEE OF QUALITY ASSURANCE (NCQA) - THE HIGHEST RECOGNITION A CLINIC CAN OBTAIN HEALTHNET GASTONHEALTHNET GASTON (HNG) IS A PROGRAM DESIGNED TO PROVIDE COMPREHENSIVE HEALTH CARE SERVICES TO LOW-INCOME, UNINSURED RESIDENTS OF GASTON COUNTY ITS SERVICES INCLUDE A MEDICAL HOME/PRIMARY CARE PHYSICIAN SERVICES, SPECIALTY PHYSICIAN SERVICES, MEDICATION ASSISTANCE, CASE MANAGEMENT/HEALTH COACHING ACTIVITIES, AND HOSPITAL SERVICES HNG OPERATES THROUGH THE LEADERSHIP AND COLLABORATION OF ITS FOUR FOUNDING STRATEGIC PARTNERS, INCLUDING CAROMONT REGIONAL MEDICAL CENTER, GASTON FAMILY HEALTH SERVICES, COMMUNITY HEALTH PARTNERS, GASTON COMMUNITY HEALTH COMMISSION OTHER STRATEGIC PARTNERS INVOLVED WITH THIS INITIATIVE INCLUDE COMMUNITY PHYSICIANS, GASTON COUNTY DEPARTMENT OF SOCIAL SERVICES, GASTON COUNTY HEALTH DEPARTMENT, AND OTHER LOCAL LEADERS COMMUNITY HEALTH IMPROVEMENT ADVOCACYCAROMONT HEALTH HAS SIGNIFICANTLY IMPACTED ITS COMMUNITY IN PROVIDING MANY DIFFERENT HEALTH IMPROVEMENT PROJECTS, GROUPS, EVENTS, EDUCATION PROGRAMS AND SPONSORSHIPS IN FISCAL YEAR 2014, CAROMONT HEALTH INVESTED OVER $8 MILLION IN THE COMMUNITY THROUGH HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION, COMMUNITY BENEFIT OPERATIONS, DONATIONS, AND IN-KIND DONATIONS OF GOOD AND SERVICES OTHER EFFORTS TO PROMOTE HEALTH IN THE COMMUNITY ARE FACILIATED BY HAVING A MAJORITY OF THE ORAGANIZATION'S GOVERNING BOARD COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA IN ADDITION, THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR MOST OR ALL DEPARTMENTS THE ORGANIZATION APPLIES ITS SURPLUS OF FUNDS TO FURTHER ITS MISSION OF "PROVIDING EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE" THIS IS ACCOMPLISHED BY INVESTING IN NEW SERVICES, CAPITAL EQUIPMENT, INFORMATION TECHNOLOGY, RENOVATION OF THE PHYSICAL PLANT, PHYSICIAN ACQUISITIONS, ETC

Form and Line Reference	Explanation
PART VI, LINE 6	CAROMONT HEALTH IN GASTONIA, NORTH CAROLINA IS A REGIONAL, INDEPENDENT, NOT-FOR-PROFIT HEALTH CARE SYSTEM IT ENCOMPASSES GASTON MEMORIAL HOSPITAL (D B A CAROMONT REGIONAL MEDICAL CENTER "CRMC") WITH 435-BEDS, COURTLAND TERRACE, A 96-BED SKILLED NURSING FACILITY, GASTON HOSPICE WHICH INCLUDES THE 12-BED ROBIN JOHNSON HOUSE INPATIENT FACILITY, AND CAROMONT MEDICAL GROUP, A NETWORK OF 45 PRIMARY AND SPECIALTY PHYSICIAN OFFICES CAROMONT HEALTH'S VISION IS TO BE A NATIONALLY RECOGNIZED LEADER AND VALUED PARTNER IN PROMOTING INDIVIDUAL HEALTH AND VIBRANT COMMUNITIES CAROMONT HEALTH HAS 3 OFF-SITE IMAGING LOCATIONS, 2 SAME-DAY SURGERY CENTERS, 1 FREE-STANDING ENDOSCOPY CENTER, AND 1 OCCUPATIONAL MEDICINE CLINIC

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	NC

Additional Data

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
CAROMONT REGIONAL MEDICAL CENTER	
CAROMONT REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 5D OTHER WEBSITE'S FULL URL HTTP //WWW GASTONGOV COM/DEPARTMENTS /HEALTH-AND-HUMAN-SERVICES/PUBLIC-HEALTHDIVISION/COMMUNITY-HEALTH-DATA1) HOSPITAL'S FACEBO OK PAGE 2) PRESENTED FINDINGS TO COMMUNITY AT VARIOUS MEETINGS AT HOSPITAL IN JUNE, 2013 3) COPY IN GASTON COUNTY LIBRARY - HAD ADS PROMOTING THIS
CAROMONT REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 6I MANY COMMUNITY ORGANIZATIONS INCLUDING GASTON COUNTY BOARD OF HEALTH AND CAROMONT HEALTH HAVE COMMITTED TO REDUCE THE INCIDENCE OF OBESITY IN GASTON COU NTY, TO PREVENT AND REDUCE THE INCIDENCE OF TOBACCO USE AND TO DEVELOP, IMPLEMENT, AND ADV OCATE FOR THE INTEGRATION OF BEHAVIORAL HEALTH RESOURCES INTO THESE INITIATIVES THE EXIST ING GASTON COMMUNITY HEALTHCARE COMMISSION STRUCTURE WILL BE THE VEHICLE FOR THIS WORK AND IS COMPOSED OF THE FOLLOWING 5 RESOURCE TEAMS 1) HEALTHY BEHAVIORS, 2) PUBLIC POLICY AND ENVIRONMENT, 3) CLINICAL CARE, 4) MENTAL AND EMOTIONAL HEALTH, 5) MARKETING A PILOT SITE, BETHLEHEM CHURCH, WEST CAMPUS, HAS BEEN IDENTIFIED REPRESENTATIVES OF THE PILOT SITE AND THE RESOURCES TEAMS HAVE BEGUN COLLABORATING ON HEALTH INITIATIVES FOR THIS PILOT SITE H OLY WELL, AN 8 WEEK HEALTHY BEHAVIORS INITIATIVE WITH A SPIRITUAL ASPECT HAS BEEN PROVIDED TO THIS POPULATION TWICE, WITH SUCCESS THIS INITIATIVE WILL BE PROVIDED AGAIN IN FY'15
CAROMONT REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 7 THE NEEDS IDENTIFIED AND NOT ADDRESSED IN THIS WORK ARE A) PRE VENT ALCOHOL AND SUBSTANCE ABUSE, B) REDUCING TEEN PREGNANCY PARTNERS HEALTH CARE IS A LO CAL PUBLIC AUTHORITY THAT MANAGES MENTAL HEALTH IN GASTON COUNTY AND GASTON COUNTY WORKS W ITH THE ADOLOSCENT PREGNANCY PREVENTION CAMPAIGN OF NC THESE NEEDS ARE BEING ADDRESSED BY THOSE GROUPS
CAROMONT REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 14G BROCHURES AT REGISTRATION SITES PROACTIVELY COMMUNICATING VE RBALLY OR IN WRITING TO SCHEDULED PATIENTS PRIOR TO SERVICE COMMUNICATING IN-HOUSE, DURIN G SERVICE, OR AFTER
CAROMONT REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 16E COLLECTION ACTIONS ARE TAKEN AFTER REASONABLE EFFORTS HAVE BE EN MADE TO DETERMINE PATIENT'S ELIGIBILITY FOR ASSISTANCE

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

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

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 9

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 15

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) GERTRUDE CLINTON HEALTH CAREERS SCHOLARSHIPS	27	40,000			
(2) ONCOLOGY PHARMACY ASSISTANCE	10	553			

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

Return Reference	Explanation
PART I, LINE 2	OTHER ORGANIZATIONS THAT RECEIVE GRANT FUNDS MAY BE REQUIRED TO SUBMIT MONTHLY REPORTS THAT ARE MONITORED BY MANAGEMENT AND/OR THE BOARD OF DIRECTORS ALL GRANTS DECISIONS ARE DOCUMENTED
SCHEDULE I, PART III	THE PURPOSE OF THE GERTRUDE CLINTON HEALTH CAREERS SCHOLARSHIP IS TO ENCOURAGE MEDICAL AND HEALTH-RELATED PROFESSIONALS IN THE FIELD OF HUMAN SERVICES TO PRACTICE THEIR SPECIALTIES AT CAROMONT REGIONAL MEDICAL CENTER OR IN GASTON COUNTY

Additional Data

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON FAMILY HEALTH SERVICES 991 WEST HUDSON BOULEVARD GASTONIA,NC 28052	58-1958398	501(C)(3)	300,000				FEDERALLY QUALIFIED HEALTHCARE CENTER OFFERING MEDICAL CARE TO LOW INCOME RESIDENTS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MOUNT HOLLY COMMUNITY DEVELOPMENT FOUNDATION 1068 SOUTH MAIN STREET MOUNT HOLLY,NC 28120	20-0738339	501(C)(3)	100,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON REGIONAL CHAMBER 601 W FRANKLIN BLVD GASTONIA,NC 28053	56-0232990	501(C)(6)	97,950				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON TOGETHER PO BOX 817 GASTONIA,NC 28053	56-2048064	501(C)(3)	75,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON COUNTY SCHOOLS 1351 BRADFORD HEIGHTS GASTONIA,NC 28053	56-6001032	N/A	62,241				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TOWN OF CRAMERTON 155 N MAIN ST CRAMERTON,NC 28032	56-0891982	N/A	55,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON COLLEGE FOUNDATION 201 HIGHWAY 321 SOUTH DALLAS,NC 28034	23-7079454	501(C)(3)	50,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COMMUNITY FOUNDATION 1201 E GARRISON BLVD GASTONIA,NC 28052	58-1340834	501(C)(3)	30,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTCROSS AREA CHAMBER OF COMMERCE PO BOX 368 BELMONT,NC 28012	56-0710166	501(C)(6)	20,900				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTONIA GRIZZLIES PO BOX 177 GASTONIA,NC 28053	42-1554288	N/A	20,750				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HEART SOCIETY OF GASTON COUNTY 1201 EAST GARRISON BLVD GASTONIA,NC 28052	56-1330921	501(C)(3)	19,800				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOLY ANGELS FOUNDATION 660 WILKINSON BLVD BELMONT,NC 28012	56-1762654	501(C)(3)	15,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MCADENVILLE FOUNDATION PO BOX 1939 MCADENVILLE,NC 28101	56-0623961	501(C)(3)	15,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NORTH CAROLINA MEDICAL SOCIETY ALLIANCE 3131 CHANNEL VIEW LANDING BELMONT,NC 28012	56-1493811	501(C)(3)	13,566				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AS ONE MINISTRIES 805 WEST AIRLINE AVENUE GASTONIA,NC 28054	56-2180931	501(C)(3)	10,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AUTEN-STOWE POST NO 144 AMERICAN LEGION 202 PARK DRIVE BELMONT,NC 28012	56-6088269	501(C)(19)	10,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BOYS & GIRLS CLUBS OF GREATER GASTON PO BOX 23 GASTONIA,NC 28053	56-1419498	501(C)(3)	6,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
DALLAS HISTORIC COURTHOUSE FOUNDATION 306 W MAIN STREET DALLAS,NC 28034	45-5094816	501(C)(3)	6,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TWENTY SEVEN FOREVER FOUNDATION 2030 LINDA STREET GASTONIA,NC 28054	46-1843123	N/A	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BELMONT ABBEY COLLEGE PARTNERSHIP 100 BELMONT-MT HOLLY ROAD BELMONT,NC 28012	56-0547498	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CANCER SERVICES OF GASTON COUNTY 306 SOUTH COLUMBIA ST GASTONIA,NC 28054	56-1164253	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHARLOTTE REGIONAL PARTNERSHIP 550 S CALDWELL STREET SUITE 760 CHARLOTTE,NC 28202	58-1457132	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON COUNTY MEDICAL SOCIETY ALLIANCE 3729 EAGLEBROOK DRIVE GASTONIA,NC 28056	56-1493811	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
THE GREAT 100 NC PO BOX 4875 GREENSBORO,NC 27404	56-1705456	501(C)(3)	5,000				COMMUNITY ASSISTANCE

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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
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 3	THE CEO, CFO AND CHIEF LEGAL OFFICER ARE COMPENSATED FOR THEIR SERVICES BY GASTON MEMORIAL HOSPITAL, A SUBSIDIARY OF CAROMONT HEALTH, INC THE COMPENSATION OF ALL CAROMONT EXECUTIVES FOR EACH YEAR IS ESTABLISHED BY THE COMPENSATION COMMITTEE OF THE CAROMONT HEALTH BOARD OF DIRECTORS, BASED ON GUIDANCE AND OPINIONS PROVIDED BY AN INDEPENDENT, THIRD-PARTY COMPENSATION CONSULTANT PURSUANT TO THE COMMITTEE CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD, THE BOARD OF DIRECTORS APPROVES THE EXECUTIVE COMPENSATION PHILOSOPHY, WHICH ESTABLISHES THE PARAMETERS FOR ALL EXECUTIVE COMPENSATION DECISIONS THE BOARD OF DIRECTORS DELEGATES ALL COMPENSATION DECISIONS FOR ALL EXECUTIVES TO THE COMPENSATION COMMITTEE, PROVIDED SUCH DECISIONS ARE CONSISTENT WITH THE COMPENSATION PHILOSOPHY BOARD APPROVAL MUST BE OBTAINED WHEN COMPENSATION DECISIONS DEVIATE FROM THE COMPENSATION PHILOSOPHY BOARD MEMBERS WHO SERVE ON THE COMPENSATION COMMITTEE ARE INDEPENDENT AND FREE OF ANY CONFLICT OF INTEREST ANY COMPENSATION COMMITTEE MEMBER WHO DEVELOPS A CONFLICT OF INTEREST DURING HIS/HER TERM WITH RESPECT TO THE DISCUSSION OF ANY EXECUTIVE'S COMPENSATION LEAVES THE MEETING AND DOES NOT PARTICIPATE IN THE DISCUSSION OR DECISION-MAKING BY THE REMAINING INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE THE COMPENSATION COMMITTEE RETAINS JURISDICTION OVER THE TOTAL COMPENSATION PACKAGE FOR EXECUTIVES AND REVIEWS EXECUTIVE BENEFITS AND PERQUISITES AS WELL AS TOTAL CASH COMPENSATION COMPENSATION FOR THE CEO IS ESTABLISHED THROUGH A PROCESS OF PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE COMPENSATION COMMITTEE OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING ALL COMPENSATION DECISIONS FOR THE CEO ARE APPROVED BY THE COMPENSATION COMMITTEE, AS LONG AS THE COMPENSATION DECISIONS ARE CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY THE PROCESS FOR DETERMINING COMPENSATION FOR EXECUTIVE DIRECTORS AND MANAGEMENT, UTILIZES COMPENSATION SURVEYS AND STUDIES FULL COLLECTED COMPENSATION INFORMATION AND ANY COMPENSATION OPINIONS PROVIDED DURING THESE PROCESSES WILL BE KEPT WITH THE COMPENSATION COMMITTEE OR BOARD MINUTES, AS APPLICABLE
PART I, LINES 4A-B	DURING THE YEAR THE ORGANIZATION PAID SEVERANCE PAYMENTS TO THE FORMER OFFICER AND KEY EMPLOYEES IDENTIFIED BELOW RANDALL L KELLEY, FORMER OFFICER $331,138 STEVEN A RUBIN, FORMER KEY EMPLOYEE $109,009 CRAIG A DUNKER, FORMER KEY EMPLOYEE $131,456 PENNY P COWDEN, FORMER KEY EMPLOYEE $127,003 JERRY LEVINE, FORMER KEY EMPLOYEE $257,519 THE FOLLOWING INDIVIDUALS RECEIVED DEFERRED COMPENSATION ALLOCATIONS FROM THE FILING ORGANIZATION FROM A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) DAVID O'CONNOR - $ 69,504 MARIA LONG - 55,601 DOUG LUCKETT - 107,551 JERRY LEVINE - 20,569 RANDALL L KELLEY - 37,456 W K HARWELL - 19,277 ANDREA K SERRA - 29,459 KATHLEEN K BESSON - 43,360 ELIZABETH MCCRAW - 31,007 TODD DAVIS, MD - 44,061 MICHAEL R JOHNSON - 38,563 PENNY P COWDEN - 7,313 THE FOLLOWING HIGHLY COMPENSATED EMPLOYEE RECEIVED A PAYOUT FROM A DEFERRED COMPENSATION PLAN BY THE FILING ORGANIZATION THAT IS TAXABLE IN THE CURRENT PERIOD W K HARWELL - $53,114 THE PAYOUT LISTED ABOVE IS COMPRISED OF DEFERRED COMPENSATION REPORTED ON A PRIOR FORM 990
PART I, LINE 6	EXECUTIVE INCENTIVE COMPENSATION PLAN FOR ALL KEY EMPLOYEES BASED ON THE ACHIEVEMENT OF ANNUAL BUSINESS OBJECTIVES AND FINANCIAL PERFORMANCE OF THE CONSOLIDATED SYSTEM MANAGER INCENTIVE PLAN BASED ON CONSOLIDATED CORPORATE AND INDIVIDUAL PERFORMANCE GOALS

Additional Data

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DR GE WARD ADCOCK III CHIEF-OF-STAFF	(I)	0	20,000	0	0	0	20,000	0
	(II)	191,263	74,027	6,890	11,491	15,312	298,983	0
DOUG LUCKETT CEO/PRESIDENT	(I)	590,205	121,154	780	113,546	16,372	842,057	0
	(II)	0	0	0	0	0	0	0
DAVID O'CONNOR EVP/CFO/ASST TREASURER	(I)	362,570	111,268	1,164	82,348	16,162	573,512	0
	(II)	0	0	0	0	0	0	0
MARIA LONG EVP CHIEF LEGAL OFFICER/ASST SECRET	(I)	294,902	85,720	894	70,934	1,998	454,448	0
	(II)	0	0	0	0	0	0	0
KATHLEEN K BESSON EVP/COO	(I)	258,881	69,784	671	59,308	15,566	404,210	0
	(II)	0	0	0	0	0	0	0
TODD DAVIS MD VP MEDICAL AFFAIRS	(I)	290,216	89,341	540	55,236	15,796	451,129	0
	(II)	0	0	0	0	0	0	0
MICHAEL R JOHNSON VP CIO	(I)	250,804	78,198	1,898	56,242	14,984	402,126	0
	(II)	0	0	0	0	0	0	0
W K HARWELL VP PATIENT CARE	(I)	172,745	74,892	57,602	29,307	4,797	339,343	53,114
	(II)	0	0	0	0	0	0	0
ELIZABETH MCCRAW VP HUMAN RESOURCES	(I)	202,734	62,876	337	45,045	15,370	326,362	0
	(II)	0	0	0	0	0	0	0
ANDREA K SERRA VP WELLNESS DEVELOPMENT	(I)	203,407	59,737	904	43,793	7,992	315,833	0
	(II)	0	0	0	0	0	0	0
RANDALL L KELLEY FORMER OFFICER	(I)	347,736	0	342,327	43,999	4,063	738,125	0
	(II)	0	0	0	0	0	0	0
JERRY LEVINE FORMER KEY EMPLOYEE	(I)	243,881	83,569	269,766	29,274	6,339	632,829	0
	(II)	0	0	0	0	0	0	0
PENNY P COWDEN FORMER HIGHLY COMPENSATED	(I)	95,316	0	127,191	8,791	4,423	235,721	0
	(II)	0	0	0	0	0	0	0
CRAIG A DUNKER FORMER HIGHLY COMPENSATED	(I)	56,106	0	131,939	1,122	1,246	190,413	0
	(II)	0	0	0	0	0	0	0
STEVEN A RUBIN FORMER HIGHLY COMPENSATED	(I)	0	0	109,009	0	175	109,184	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

Employer identification number
56-0619359

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HVF7	01-23-2003	120,000,000	SEE PART VI		X		X		X
B	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HG64	01-31-2008	118,400,000	SEE PART VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,000,000	37,420,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	123,594,002	118,649,818		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	5,150,936	610,174		
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,256,069	917,471		
8	Credit enhancement from proceeds	3,386,000	1,553,718		
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	91,583,288	28,952,424		
11	Other spent proceeds	22,217,709	86,616,031		
12	Other unspent proceeds				
13	Year of substantial completion	2005	2009		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
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?	X		X					
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 ▶		0 170 %		0 %				
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %		0 010 %				
6	Total of lines 4 and 5		0 170 %		0 010 %				
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		0 110 %		0 %				
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	MERRILL LYNCH CAPITAL SERVICES		MERRILL LYNCH DERIVATIVE PRODUCTS					
c	Term of hedge	31 600000000000		21 000000000000					
d	Was the hedge superintegrated?	X		X					
e	Was the hedge terminated?		X		X				

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
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
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME NORTH CAROLINA MEDICAL CARE COMMISSION DATE THE REBATE COMPUTATION WAS PERFORMED 03/18/2013 ISSUER NAME NORTH CAROLINA MEDICAL CARE COMMISSION DATE THE REBATE COMPUTATION WAS PERFORMED 02/25/2013

Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION	THREE 501(C)(3) ORGANIZATIONS WITHIN THE PARENT-SUBSIDIARY CONTROLLED GROUP BENEFIT FROM THE BONDS AS FOLLOWS GASTON MEMORIAL HOSPITAL, INC (56-0619359) CAROMONT HEALTH, INC (58-1636959) CAROMONT HEALTH SERVICES, INC (56-1455630) GASTON MEMORIAL HOSPITAL, INC HOLDS THE LIABILITY FOR THE BONDS, PER AUDITED FINANCIAL STATEMENTS

Return Reference	Explanation
SCHEDULE K, PART I, LINE A, COLUMN (C)	THIS BOND ISSUE INCLUDES TWO CUSIPS MATURING ON THE SAME DATE 65820HVG5 AND 65820HVF7

Return Reference	Explanation
SCHEDULE K, PART I, COLUMN (F), DESCRIPTION OF PURPOSE	ISSUE A - THE SYSTEM USED THE PROCEEDS FROM THESE BONDS FOR VARIOUS CAPITAL IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO A NEW WOMEN'S CENTER AND PARKING DECK, RENOVATIONS TO EXISTING FACILITIES, AND EQUIPMENT IN ADDITION, PROCEEDS WERE USED TO REFUND IN ADVANCE OF THEIR MATURITIES $17,000,000 IN PRINCIPAL AMOUNT OF THE SERIES 1998 HOSPITAL REVENUE BONDS, ISSUED ON AUGUST 27, 1998 ISSUE B - THE SYSTEM USED THE PROCEEDS FROM THE BONDS FOR VARIOUS CAPITAL IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO, THE RENOVATION OF CERTAIN FLOORS OF THE PATIENT TOWER, RENOVATION OF THE DAY OF SURGERY UNIT, INSTALLATION OF FIRE SPRINKLERS IN NON-SPRINKLED AREAS, AND THE UPGRADE OF LIFE SAFETY AND CRITICAL POWER IN ADDITION, THE HOSPITAL USED THE PROCEEDS TO REFUND THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 1995 REVENUE BONDS, ISSUED ON NOVEMBER 15, 1995, IN THE AMOUNT OF $41,210,000 AND TO REFUND THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 1998 REVENUE BONDS, ISSUED ON AUGUST 27, 1998, IN THE AMOUNT OF $49,710,000

Return Reference	Explanation
SCHEDULE K, PART II, LINE 3 COLUMN (A)	LINE 3 COLUMN (A) INCLUDES THE TOTAL INVESTMENT EARNINGS ON BOND PROCEEDS IN THE AMOUNT OF $ 3,594,002

Return Reference	Explanation
SCHEDULE K, PART II, LINE 3 COLUMN (B)	LINE 3 COLUMN (B) INCLUDES THE TOTAL INVESTMENT EARNINGS ON BOND PROCEEDS IN THE AMOUNT OF $ 249,818

Return Reference	Explanation
SCHEDULE K, PART II, LINE 11, OTHER SPENT PROCEEDS	OTHER SPENT PROCEEDS INCLUDE DEPOSITS MADE INTO A REFUNDING ESCROW ACCOUNT ALONG WITH INTEREST EARNED ON THE ACCOUNT, BOTH OF WHICH WERE SUBSEQUENTLY USED TO PAY PRINCIPLE AND INTEREST ON THE REFUNDED BONDS SEE THE RESPONSE FOR PART I, COLUMN (F) FOR DETAILS

Return Reference	Explanation
SCHEDULE K, PART IV, LINES 3 AND 4A, COLUMN (B)	THE SERIES 2008 BONDS WERE ORIGINALLY ISSUED AS VARIABLE BONDS BEARING INTEREST AT WEEKLY RATES CAROMONT HEALTH, INC ENTERED INTO INTEREST SWAP AGREEMENTS TO HEDGE ITS INTEREST RISK WITH RESPECT TO A PORTION OF THE SERIES 2008 BONDS ON SEPTEMBER 1, 2010, THE SERIES 2008 BONDS WERE CONVERTED TO FIXED INTEREST RATES TO MATURITY HOWEVER, THE INTEREST RATE SWAPS WERE NOT TERMINATED IN CONNECTION WITH SUCH FIXED RATE CONVERSION AND REMAIN IN EFFECT

Return Reference	Explanation
SCHEDULE K, PART IV, LINE 4C, COLUMN (B)	THIS BOND ISSUE HAS TWO HEDGE TERMS 11 0 YEARS AND 21 0 YEARS

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) GASTON REGIONAL CHAMBER OF COMMERCE	A KEY EMPLOYEE OF THE ORGANIZATION IS A BOARD MEMBER OF THE CHAMBER	112,890	VARIOUS PAYMENTS FOR MEMBERSHIP DUES, SPONSORSHIPS, AND EVENTS		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
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS CAROMONT HEALTH IS A NOT-FOR-PROFIT HEALTH S YSTEM HEADQUARTERED IN GASTONIA, NC THAT PROVIDES INPATIENT AND OUTPATIENT MEDICAL SERVICE S WITHIN FIVE COUNTIES AND TWO STATES CAROMONT HEALTH EMPLOYS NEARLY 4,000 HEALTHCARE PRO FESSIONALS WITH A MEDICAL STAFF MEMBERSHIP OF MORE THAN 450 CAROMONT REGIONAL MEDICAL CEN TER, A MAGNET DESIGNATED 435-BED ACUTE CARE HOSPITAL, IS THE ANCHOR OF CAROMONT HEALTH AND FEATURES A STATE-OF-THE-ART CANCER CENTER, BIRTHPLACE AND NEONATAL INTENSIVE CARE UNIT, A S WELL AS A LEVEL III TRAUMA CENTER AND A COMPREHENSIVE SYSTEM OF CARE. AS AN INNOVATIVE L EADER IN HEALTH CARE, CAROMONT HEALTH HAS BEEN AWARDED MANY TOP HONORS IN 2014 SOME KEY A CHIEVEMENTS IN 2014 INCLUDE BEING NAMED A 100 TOP HOSPITAL BY BECKER'S HOSPITAL REVIEW AND A BEST REGIONAL HOSPITAL BY THE U S NEWS & WORLD REPORT ADDITIONALLY, CAROMONT HEALTH WAS RECOGNIZED BY PREVENTION PARTNERS FOR OUR COMMITMENT TO PROVIDING COMPREHENSIVE WELLNE SS PROGRAMS TO OUR EMPLOYEES, EARNING US THE HEALTHCARE IN EXCELLENCE AWARD CAROMONT HEAL TH'S MISSION IS TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE, AND WE STR IVE TO FULFILL THAT MISSION EVERY DAY THIS REPORT IS INTENDED TO SHARE SOME OF THE MANY W AYS THAT CAROMONT HEALTH GIVES BACK TO OUR COMMUNITY INTERNAL PROGRAMS AND COMMUNITY CARE CAROMONT HEALTH HAS PROVIDED HEALTH CARE TO RESIDENTS OF GASTONIA, GASTON COUNTY AND SURR OUNDING COUNTIES FOR MORE THAN 70 YEARS WHETHER IT IS THE LATEST TECHNOLOGY, CARE MODEL O R WELLNESS INITIATIVE, CAROMONT HEALTH IS CONSTANTLY LOOKING FOR WAYS TO IMPROVE AND PROVI DE OUR COMMUNITY THE BEST CARE POSSIBLE TO KEEP THEM HEALTHY FOR GENERATIONS TO COME. RESE ARCH PROGRAMS CAROMONT HEALTH PARTICIPATED IN A NUMBER OF NATIONAL RESEARCH TRIALS AND PRO GRAMS IN 2014 CAROMONT INVESTED $1 5 MILLION, $809,000 OF WHICH WAS UNREIMBURSED, IN THES E PROGRAMS FOR TREATMENTS, PROCEDURES, MEDICATIONS AND STAFF TIME. RESEARCH PROGRAMS ARE T HE KEY TO INNOVATION AND ADVANCEMENT IN HEALTH CARE AND CAROMONT HEALTH IS DEDICATED TO SU PPORTING OUR MEDICAL PROFESSIONALS IN THE PURSUIT OF NEW TREATMENTS PHYSICIAN RECRUITMENT & RETENTION CAROMONT BOASTS A ROBUST AND TALENTED MEDICAL STAFF OF MORE THAN 450 PHYSICIA NS MANY CAROMONT HEALTH PHYSICIANS, FROM A NUMBER OF DISCIPLINES, ARE RECOGNIZED REGIONAL LY AND NATIONALLY FOR THEIR WORK AND ACHIEVEMENTS CAROMONT HEALTH CONSISTENTLY SEEKS TO R ECRUIT LEADERS IN THE FIELD OF MEDICINE AND INVESTS IN THE MEDICAL STAFF IN A NUMBER OF WA YS, INCLUDING ATTENDANCE AT INDUSTRY CONFERENCES AND OFFERING CONTINUING EDUCATION OPPORTU NITIES IN 2014, CAROMONT INVESTED $804,374 TO RECRUIT, TRAIN AND RETAIN HIGHLY-SKILLED PH YSICIANS TO PROVIDE NATIONALLY-RECOGNIZED, HIGH-QUALITY CARE. UNREIMBURSED COSTS OF CARE I N 2014, CAROMONT HEALTH HAD $67 8 MILLION IN UNREIMBURSED HEALTH CARE COSTS THIS AMOUNT C OVERS ALL FORMS OF UNREIMBURSED CARE, INCLUDING MORE THAN $11 7 MILLION IN CHARITY CARE, $ 37 6 MILLION IN MEDICARE AND MEDICAID LOSSES, AND $18 5 IN BAD DEBT CAROMONT PROVIDES CAR E TO ALL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY THE CHARITY CARE AND BAD DEBT TOTAL S REFLECT THE AMOUNT THAT IS NOT REIMBURSED, EITHER BY THE INABILITY OR CHOICE NOT TO PAY THE MEDICARE AND MEDICAID LOSSES REFLECT THE COST OF CARE PROVIDED THAT WAS NOT PAID FOR BY EITHER THE APPLICABLE GOVERNMENT PROGRAM OR THE PATIENT COMMUNITY HEALTH IMPROVEMENT I NITIATIVES & INVESTMENTS CAROMONT HEALTH IS ACTIVE IN OUR COMMUNITY IN A NUMBER OF WAYS IN CLUDING DONATIONS, INVESTMENTS AND VOLUNTEERISM IN THE LAST FISCAL YEAR, CAROMONT INVESTE D MORE THAN $3 MILLION IN OUR COMMUNITY THROUGH HEALTH IMPROVEMENT SERVICES, COMMUNITY BEN EFIT OPERATIONS, DONATIONS, AND IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES IN FISCAL YEA R 2014, CAROMONT PROVIDED $300,000 TO GASTON FAMILY HEALTH SERVICES, A LOCAL FEDERALLY QUA LIFIED HEALTHCARE CLINIC THAT PROVIDES HEALTHCARE, HEALTH EDUCATION, AND PREVENTIVE CARE S ERVICES TO PATIENTS WITHOUT REGARDS TO THEIR ABILITY TO PAY STUDENT EDUCATION CAROMONT HE ALTH ALSO INVESTS HEAVILY IN THE FUTURE OF HEALTH CARE BY INVESTING IN THE EDUCATION OF LO CAL HEALTH CARE STUDENTS IN 2014, CAROMONT INVESTED $3 8 MILLION TO COVER THE COSTS OF ST UDENT ROTATIONS AND EDUCATION THIS INCLUDES THE USE OF EQUIPMENT, STAFF AND INSTRUCTOR TI ME, AND PROGRAM DEVELOPMENT FOR HIGH SCHOOL AND COLLEGE CURRICULA SPONSORSHIPS & PARTNERS HIPS CAROMONT HEALTH IS ALWAYS SEEKING ACTIVE PARTNERS IN OUR JOURNEY TOWARD ACHIEVING BET TER COMMUNITY HEALTH ONE OF THE WAYS WE IDENTIFY THESE PARTNERS IS THROUGH THE SPONSORSHI P PROGRAM IN 2014 WE WERE PROUD TO PARTNER WITH SEVERAL ORGANIZATIONS, INCLUDING BOYS & GIRLS CLUB OF GREATER GASTON, COMMUNITY FOUNDATION OF GASTON COUNTY, HEART SOCIETY OF GAST ON COUNTY, HOLY ANGELS AND OTHERS IN ADDITION TO THESE SPONSORED EVENTS, OUR WELLNESS DEP ARTMENT IS ACTIVE WITH SEVERAL COMMUNITY ORGANIZATIONS TO IMPROVE THE HEALTH OF THE COUNTY THESE ACTIVITIES TAKE THE FORM OF HEALTH FAIRS,

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	LUNCH AND LEARNS, FAITH AND HEALTH MINISTRY, PHYSICIAN PRESENTATIONS AND COMMUNITY WELLNES S CHALLENGES PATIENT ADVOCACY - ENROLLMENT ASSISTANCE CAROMONT REGIONAL MEDICAL CENTER HA S DEVELOPED A PROGRAM TO ASSIST UNINSURED AND UNDER-INSURED COMMUNITY MEMBERS WITH ENROLLM ENT IN PUBLIC PROGRAMS SEVERAL EMPLOYEES ASSIST INDIVIDUALS WITH ENROLLMENT IN MEDICAID, MEDICARE, NC HEALTH CHOICE, CRIME VICTIMS PROGRAMS, FOOD STAMPS, VOCATIONAL REHAB, PUBLIC HOUSING, PRESCRIPTION PROGRAMS, MEALS ON WHEELS AND ADULT SERVICES THROUGH DSS THE TOTAL COST TO CAROMONT HEALTH FOR THIS PROGRAM IS $381,120 EMPLOYEE INVOLVEMENT & SUPPORT CAROM ONT HEALTH EMPLOYEES ARE ALSO AMBASSADORS FOR OUR MESSAGE OF WELLNESS AND GOODWILL IN 201 4, OUR EMPLOYEES WERE A DRIVING FORCE IN RAISING FUNDS AND DONATIONS FOR SEVERAL CAUSES, I NCLUDING 2014 CAROMONT HEART WALK ON MAY 1, MORE THAN FOUR HUNDRED WALKERS GATHERED ON TH E FRONT LAWN OF CAROMONT REGIONAL MEDICAL CENTER FOR THE 11TH ANNUAL HEART WALK THE ONE-M ILE WALK RAISED MORE THAN $17,500 FOR THE HEART SOCIETY OF GASTON COUNTY UNITED WAY PACES ETTER CAMPAIGN THE PACESETTER CAMPAIGN OFFERS OUR EMPLOYEES THE OPPORTUNITY TO SUPPORT MOR E THAN 23 LOCAL ORGANIZATIONS WITH THE EASE OF A SINGLE DONATION LAST FISCAL YEAR, CAROMO NT HEALTH EMPLOYEES CONTRIBUTED NEARLY $160,000 TO THE UNITED WAY COMMUNITY GROUPS AND IN ITIATIVES CAROMONT HEALTH EMPLOYEES ALSO CONTRIBUTE TIME TO SUPPORT LOCAL ORGANIZATIONS, T HROUGH BOARD APPOINTMENTS AND VOLUNTEER OPPORTUNITIES SEVERAL MEMBERS OF OUR LEADERSHIP T EAM SERVE ON LOCAL BOARDS AND WORK CLOSELY WITH PARTNER GROUPS, SUCH AS GASTON TOGETHER AN D HEALTHNET GASTON, TO BETTER THE HEALTH OF GASTON COUNTY THESE TIES TO THE COMMUNITY HEL P US PAINT A CLEARER PICTURE OF THE RESIDENTS NEEDS, ALLOWING US TO TAILOR OUR PROGRAMS AN D SERVICES TO BEST MEET THOSE NEEDS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 1B	BOARD MEMBER INDEPENDENCE IN CALENDAR YEAR 2014, THE BOARD OF DIRECTORS OF CAROMONT HEALTH CONDUCTED A COMPREHENSIVE REVIEW OF BEST PRACTICES REGARDING INDEPENDENCE OF BOARD MEMBERS THIS REVIEW RESULTED IN THE DEVELOPMENT OF A BOARD POLICY ON INDEPENDENCE OF BOARD MEMBERS USING IRS REGULATIONS AND GUIDANCE, INDUSTRY BEST PRACTICES, GUIDANCE AND COMMENTARY APPLICABLE TO NON-PROFIT HEALTHCARE INSTITUTIONS, AND ADVICE OF COUNSEL, THE BOARD OF DIRECTORS DEVELOPED AND IMPLEMENTED A ROBUST POLICY THAT DEFINES INDEPENDENT AND NON-INDEPENDENT DIRECTORS AND CLASSIFIES DIRECTORS ON AN ANNUAL BASIS AS INDEPENDENT AND NON-INDEPENDENT USING THE IRS REPORTING REQUIREMENTS AS A MINIMUM SET OF CRITERIA FOR DETERMINING THE INDEPENDENT STATUS OF BOARD MEMBERS, THE BOARD'S POLICY GOES BEYOND THE MINIMUM CRITERIA AND DEFINES ADDITIONAL CRITERIA THAT RENDER A BOARD MEMBER NON-INDEPENDENT ONCE DETERMINED TO HAVE A DISQUALIFYING CONDITION THAT RENDERS THE MEMBER NON-INDEPENDENT, A BOARD MEMBER WHOSE DISQUALIFYING CONDITION HAS BEEN REMEDIED MAY ONLY BE RESTORED TO INDEPENDENT STATUS FOLLOWING A SPECIFIED TIME LIMIT DEFINED IN THE POLICY IN REPORTING THE NUMBER OF INDEPENDENT DIRECTORS IN PART I, LINE 4 AND PART VI, SECTION A, LINE 1B, THE BOARD OF DIRECTORS HAS DETERMINED THAT IT WILL REPORT THE NUMBER DETERMINED BY ITS POLICY, RECOGNIZING THAT THIS MAY BE A STRICTER INTERPRETATION THAN THE IRS REQUIRES IN SEATING BOARD COMMITTEES, SUCH AS THE EXECUTIVE COMPENSATION COMMITTEE AND THE AUDIT FINANCE AND INVESTMENT COMMITTEE, THE BOARD DETERMINES A DIRECTOR'S ELIGIBILITY TO SERVE ON THOSE COMMITTEES BASED ON APPLICATION OF THE BOARD'S DEFINITION OF INDEPENDENCE

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	BOARD MEMBERS DR CHARLES MEAKIN, III AND MR JAMES R BEAM HAVE A BUSINESS RELATIONSHIP

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE CORPORATION SHALL BE CAROMONT HEALTH, INC , A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF DIRECTORS SHALL CONSIST OF FOURTEEN (14) MEMBERS, ALL OF WHOM SHALL BE THE MEMBERS OF THE BOARD OF DIRECTORS OF CAROMONT HEALTH, INC , AND ALL OF WHOM SHALL BE APPOINTED BY THE BOARD OF DIRECTORS OF CAROMONT HEALTH

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING POWERS OF THE CORPORATION SHALL BE RESERVED TO CAROMONT HEALTH, INC , THE PARENT CORPORATION AND HOLDING COMPANY OF THE CORPORATION (A) FINANCIAL POWERS, INCLUDING THE POWER TO APPROVE AN OPERATING BUDGET FOR THE CORPORATION, POWER TO APPROVE COMPENSATION PLANS, AND POWER TO ASSUME DEBT ON BEHALF OF THE CORPORATION, (B) GOVERNING POWERS, INCLUDING THE POWER TO APPROVE ALL CHANGES TO THE GOVERNING DOCUMENTS OF THE CORPORATION AND POWER TO APPROVE THE MISSION, VISION AND VALUES OF THE CORPORATION, AND (C) STRATEGIC POWERS, INCLUDING THE POWER TO APPROVE ALL CERTIFICATE OF NEED APPLICATIONS WHICH THE CORPORATION MAY FILE IN ANY STATE, AND THE POWER TO APPROVE ALL SALE OR LEASE TRANSACTIONS OF THE CORPORATION

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S FORM 990 WAS REVIEWED BY THE AUDIT FINANCE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS PRIOR TO PRESENTATION TO THE FULL BOARD BEFORE THE FORM WAS FILED WITH THE IRS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	EACH EMPLOYEE AND DIRECTOR SHALL FULLY AND TRUTHFULLY COMPLETE A QUESTIONNAIRE CONCERNING POTENTIAL AND ACTUAL CONFLICTS OF INTEREST ANNUALLY SUCH QUESTIONNAIRE SHALL IDENTIFY THE INDIVIDUAL'S OBLIGATION TO IMMEDIATELY MAKE THE CORPORATE RESPONSIBILITY OFFICER AWARE IN WRITING OF ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST AS THEY MAY ARISE AND CONTAIN SAID INDIVIDUAL'S AGREEMENT TO ABIDE BY ALL TERMS AND CONDITIONS OF THIS POLICY AS A CONDITION OF RETAINING THEIR POSITION SUCH QUESTIONNAIRES ARE REVIEWED ANNUALLY BY THE CHIEF LEGAL OFFICER AND THE CORPORATE RESPONSIBILITY OFFICER QUESTIONNAIRES SUBMITTED BY DIRECTORS ARE REVIEWED ANNUALLY BY THE NOMINATING COMMITTEE OF THE BOARD

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE CEO, CFO, COO AND CHIEF LEGAL OFFICER ARE COMPENSATED FOR THEIR SERVICES BY CAROMONT REGIONAL MEDICAL CENTER, A SUBSIDIARY OF CAROMONT HEALTH, INC THE COMPENSATION OF ALL CAROMONT EXECUTIVES FOR EACH YEAR IS ESTABLISHED BY THE COMPENSATION COMMITTEE OF THE CAROMONT HEALTH BOARD OF DIRECTORS, BASED ON GUIDANCE AND OPINIONS PROVIDED BY AN INDEPENDENT, THIRD-PARTY COMPENSATION CONSULTANT PURSUANT TO THE COMMITTEE CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD, THE BOARD OF DIRECTORS APPROVES THE EXECUTIVE COMPENSATION PHILOSOPHY, WHICH ESTABLISHES THE PARAMETERS FOR ALL EXECUTIVE COMPENSATION DECISIONS THE BOARD OF DIRECTORS DELEGATES ALL COMPENSATION DECISIONS FOR ALL EXECUTIVES TO THE COMPENSATION COMMITTEE, PROVIDED SUCH DECISIONS ARE CONSISTENT WITH THE COMPENSATION PHILOSOPHY BOARD APPROVAL MUST BE OBTAINED WHEN COMPENSATION DECISIONS DEVIATE FROM THE COMPENSATION PHILOSOPHY BOARD MEMBERS WHO SERVE ON THE COMPENSATION COMMITTEE ARE INDEPENDENT AND FREE OF ANY CONFLICT OF INTEREST ANY COMPENSATION COMMITTEE MEMBER WHO DEVELOPS A CONFLICT OF INTEREST DURING HIS/HER TERM WITH RESPECT TO THE DISCUSSION OF ANY EXECUTIVE'S COMPENSATION LEAVES THE MEETING AND DOES NOT PARTICIPATE IN THE DISCUSSION OR DECISION-MAKING BY THE REMAINING INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE. THE COMPENSATION COMMITTEE RETAINS JURISDICTION OVER THE TOTAL COMPENSATION PACKAGE FOR EXECUTIVES AND REVIEWS EXECUTIVE BENEFITS AND PERQUISITES AS WELL AS TOTAL CASH COMPENSATION COMPENSATION FOR THE CEO IS ESTABLISHED THROUGH A PROCESS OF PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE COMPENSATION COMMITTEE OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING ALL COMPENSATION DECISIONS FOR THE CEO ARE APPROVED BY THE COMPENSATION COMMITTEE, AS LONG AS THE COMPENSATION DECISIONS ARE CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY THE PROCESS FOR DETERMINING COMPENSATION FOR EXECUTIVE MANAGEMENT UTILIZES COMPENSATION SURVEYS AND STUDIES FULL COLLECTED COMPENSATION INFORMATION AND ANY COMPENSATION OPINIONS PROVIDED DURING THESE PROCESSES WILL BE KEPT WITH THE COMPENSATION COMMITTEE OR BOARD MINUTES, AS APPLICABLE.

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 18	THE ORGANIZATION'S FORM 990 IS MADE AVAILABLE TO THE PUBLIC UPON REQUEST

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	AT THIS TIME, THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC THE ENTIRE ORGANIZATION'S COMBINED FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INTERCOMPANY TRANSFER TO AFFILIATE -27,784,946 CHANGE IN VALUE OF INTEREST RATE SWAP - 1,674,321

Return Reference	Explanation
PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM LAST YEAR

Return Reference	Explanation
FORM 990, PART V AND PART VII	COMMON PAYMASTER THE FILING ORGANIZATION USES A RELATED ORGANIZATION FOR ITS PAYROLL FUNCTION ALL W-2S ARE FILED BY THE COMMON PAYMASTER HOWEVER, AMOUNTS PAID BY THE COMMON PAYMASTER ARE TREATED AS IF PAID DIRECTLY BY THE ORGANIZATION FOR WHICH SERVICES ARE PERFORMED

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) CAROMONT HEALTH INC 2525 COURT DRIVE GASTONIA, NC 28054 58-1636959	MEDICAL SERVICES	NC	501(C)(3)	LINE 11B, II	N/A		No
(2) CAROMONT HEALTH SERVICES INC 2526 COURT DRIVE GASTONIA, NC 28054 56-1455630	OUTPATIENT SERVICES	NC	501(C)(3)	LINE 3	CAROMONT HEALTH INC		No
(3) GASTON MEMORIAL HOSPITAL FOUNDATION INC 2527 COURT DRIVE GASTONIA, NC 28054 56-1479699	FOUNDATION	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(4) CAROMONT MEDICAL GROUP INC 2528 COURT DRIVE GASTONIA, NC 28054 56-1479712	MEDICAL GROUP	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(5) HOSPICE OF GASTON COUNTY INC 2529 COURT DRIVE GASTONIA, NC 28054 58-1341530	HOSPICE CARE	NC	501(C)(3)	LINE 7	CAROMONT HEALTH INC		No
(6) GASTON EMERGENCY PHYSICIANS INC 2531 COURT DRIVE GASTONIA, NC 28054 56-2209423	SUPPORTING ORGANIZATION	NC	501(C)(3)	LINE 11A, I	CAROMONT HEALTH INC		No

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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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

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

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

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

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

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) CAROMONT HEALTH INC 2525 COURT DRIVE GASTONIA, NC 28054 58-1636959	MEDICAL SERVICES	NC	501(C)(3)	LINE 11B, II	N/A		No
(1) CAROMONT HEALTH SERVICES INC 2526 COURT DRIVE GASTONIA, NC 28054 56-1455630	OUTPATIENT SERVICES	NC	501(C)(3)	LINE 3	CAROMONT HEALTH INC		No
(2) GASTON MEMORIAL HOSPITAL FOUNDATION INC 2527 COURT DRIVE GASTONIA, NC 28054 56-1479699	FOUNDATION	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
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(5) GASTON EMERGENCY PHYSICIANS INC 2531 COURT DRIVE GASTONIA, NC 28054 56-2209423	SUPPORTING ORGANIZATION	NC	501(C)(3)	LINE 11A, I	CAROMONT HEALTH INC		No

CAROMONT HEALTH, INC.
AND AFFILIATES

Combined Financial Statements
(with Additional Supplemental Schedules)

June 30, 2014 and 2013

(with Independent Auditors'
Report thereon)

CAROMONT HEALTH, INC.
AND AFFILIATES
Table of Contents
June 30, 2014 and 2013

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

To the Board of Directors
CaroMont Health, Inc and Affiliates
Gastonia, North Carolina

Report on the Combined Financial Statements
We have audited the accompanying combined statements of net position of CaroMont Health, Inc and Affiliates (the "System") as of June 30, 2014 and 2013, the related combined statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements

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

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

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

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

Praxity.

To the Board of Directors
CaroMont Health, Inc and Affiliates

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CaroMont Health, Inc and Affiliates as of June 30, 2014 and 2013, and the results of its combined operations and its combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Emphasis of Matter – New Accounting Pronouncement
As discussed in Note 1 to the combined financial statements, in June 30, 2014, the System adopted new accounting guidance, that requires retroactive adjustments to amounts previously reported as of and for the year ended June 30, 2013, with a cumulative effect adjustment to net position as of June 30, 2012 Our opinion is not modified with respect to this matter

Required Supplemental Information
Management's Discussion and Analysis is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board ("GASB") We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information However, we did not audit the information and express no opinion on it

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

Dixon Hughes Goodman LLP

September 11, 2014

CaroMont Health, Inc and Affiliates

Management's Discussion and Analysis

June 30, 2014 and 2013

CaroMont Health, Inc and Affiliates (the "System") provides inpatient, outpatient, emergency, and surgical services to the residents of Gaston County and surrounding areas at its 435-licensed bed hospital, Gaston Memorial Hospital, d/b/a CaroMont Regional Medical Center (the "Hospital") In addition, the System provides healthcare services in two same day surgery centers, three urgent care centers, two health and fitness centers, a health education/wellness center, an outpatient endoscopy center, an outpatient cancer center, an occupational medicine clinic, four outpatient off-site imaging centers, a skilled nursing facility, an inpatient hospice facility, and outpatient hospice Finally, the System employs physicians and physician extenders who provide services at the Hospital and in ambulatory-based practices located in five counties and two states

FINANCIAL HIGHLIGHTS

The assets of CaroMont Health, Inc and Affiliates exceeded its liabilities at June 30, 2014 by $716 million, which represents the amount of the System's net position This amount will be used to meet the System's ongoing financial obligations and to finance capital improvements and expansion of services in the future

The System's total net position increased $90 3 million in the twelve-month period ended June 30, 2014, which represents the amount of gain for the fiscal year The following is an analysis of CaroMont Health, Inc and Affiliates' financial performance in fiscal year 2014

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to CaroMont Health, Inc and Affiliates' audited combined financial statements The System's combined financial statements are comprised of two components 1) audited combined financial statements and 2) notes to the audited combined financial statements This report also contains supplementary information in addition to the audited combined financial statements

The audited combined financial statements include the Combined Statements of Net Position, Combined Statements of Revenues, Expenses, and Changes in Net Position, and Combined Statements of Cash Flows for the fiscal years ended June 30, 2014 and 2013 The System operates similar to a private business and therefore utilizes the proprietary fund method of accounting This method provides both long-term and short-term financial information and requires that revenue and expenses are recognized on the full accrual basis

The Combined Statements of Net Position presents information on all of the System's assets, liabilities, deferred outflows and inflows, with the difference between these reported as net position Over time, increases or decreases in net position may serve as a useful indicator of whether the combined financial position of the System is improving or deteriorating

The Combined Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the System's net position changed during the most recent fiscal year All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows

The Combined Statement of Cash Flows presents information about the System's cash flows resulting from operating, investing, non-capital financing, and capital and related financing activities It reports cash receipts, cash payments, and changes in the cash balance during the most recent fiscal year

FINANCIAL ANALYSIS

Total Assets and Deferred Outflows

As seen in Table 1, in fiscal year 2014, total assets and deferred outflows of the System increased $104 9 million to $1,065 8 million Current assets increased $41 2 million, net capital assets increased $16 9 million, other long-term assets increased $46 8 million, and deferred outflows remained at $28 5 million

In fiscal year 2013, total assets of the System increased $46 9 million to $960 9 million Current assets decreased $7 2 million, net capital assets decreased $2 3 million, other long-term assets increased $69 1 million, and deferred outflows decreased $12 7 million

Table 1
CaroMont Health, Inc. and Affiliates
Summary of Assets
(in millions of dollars)

	2014	2013	2012
Current assets	$ 152 2	$ 111 0	$ 118 2
Capital assets, net of accumulated depreciation	249 0	232 1	234 4
Other long-term assets	636 1	589 3	520 2
Deferred outflows	28 5	28 5	41 2
Total assets and deferred outflows	$ 1,065 8	$ 960 9	$ 914 0

In fiscal year 2014, the increase in current assets was primarily due to increases in cash and cash equivalents and net patient accounts receivable The increase in net capital assets was caused by capital purchases exceeding depreciation during the fiscal year with significant expenditures related to the freestanding emergency department construction project and electronic medical record software implementation The increases in other long-term assets was primarily due to increases in the internally-designated investments, investment in Premier, the fair value of interest rate swaps held as investment, and assets held in 457(f) and (b) plans The decrease in deferred outflows was due to the increase in the deferred charge for the interest rate swaps offset by the amortization of the losses on advanced refundings

In fiscal year 2013, the decrease in current assets was primarily due to decreases in cash and cash equivalents, net patient accounts receivable, and prepaid expenses, which were partially off-set by increases in inventories of drugs and supplies The decrease in net capital assets was caused by depreciation that exceeded new capital purchases during the fiscal year The increases in other long-term assets was primarily due to increases in the internally-designated investments, the prepaid pension obligation, the fair value of interest rate swaps held as investment, and a new note receivable from Senior Total Life Care which is a Program for the All-inclusive Care for the Elderly The decrease in deferred outflows was due to the reduction in the deferred charge for the interest rate swaps

Total Liabilities and Net Position

As seen in Table 2, in fiscal year 2014, total liabilities of the System increased $14 6 million to $349 7 million Current liabilities increased $18 2 million and long-term liabilities decreased $3 6 million Total net position increased $90 3 million to $716 1 million Unrestricted net position increased $67 4 million, invested in capital assets net of related debt increased $22 5 million, and restricted for specific operating purposes increased $0 4 million

In fiscal year 2013, total liabilities of the System decreased $20 2 million to $335 1 million Current liabilities decreased $3 4 million and long-term liabilities decreased $16 8 million Total net position increased $67 1 million to $625 8 million Unrestricted net position increased $65 4 million, invested in capital assets net of related debt increased $3 7 million, and restricted for specific operating purposes decreased $2 0 million

Table 2
CaroMont Health, Inc. and Affiliates
Summary of Liabilities and Net Position
(in millions of dollars)

	2014	2013	2012
Current liabilities	$ 123 1	$ 104 9	$ 108 3
Long-term liabilities	226 6	230 2	247 0
Total liabilities	349 7	335 1	355 3
Unrestricted	657 4	590 0	524 6
Invested in capital assets, net of related debt	55 2	32 7	29 0
Restricted for specific operating purposes	3 5	3 1	5 1
Total net position	716 1	625 8	558 7
Total liabilities and net position	$ 1,065 8	$ 960 9	$ 914 0

In fiscal year 2014, the increase in current liabilities was primarily due to increases in accounts payable and accrued settlements for Medicare and Medicaid, which were partially off-set by decreases in other accrued expenses The decrease in long-term liabilities was primarily due to principal payments on long-term debt, which were partially offset by increases in 457 plan liabilities

In fiscal year 2014, total net position increased to reflect the System's excess of revenues over expenses of $90 1 million and $0 2 million of capital grants and contributions The increase in invested in capital assets was primarily caused by a reduction in the balances of long-term debt and bond insurance The increase in restricted for specific operating purposes was due to investment earnings in those funds

In fiscal year 2013, the decrease in current liabilities was primarily due to decreases in accounts payable and accrued settlements for Medicare and Medicaid, which were partially off-set by increases in accrued payroll and other expenses The decrease in long-term liabilities was primarily due to improvements in the fair value of the interest rate swaps and reductions in long-term debt, which were partially offset by increases in 457 plan liabilities

In fiscal year 2013, total net position increased to reflect the System's excess of revenues over expenses of $66 3 million and $0 8 million of capital grants and contributions The increase in invested in capital assets was primarily caused by a reduction in the balances of long-term debt and bond insurance The decrease in restricted for specific operating purposes was due to utilization of restricted contributions by Hospice

Total Operating Revenues

As seen in Table 3, in fiscal year 2014, total operating revenues increased $11 6 million to $495 7 million Gross patient service revenue increased $82 7 million Total revenue deductions increased $76 0 million Other operating revenue increased $4 9 million

In fiscal year 2013, total operating revenues decreased $4 6 million to $484 1 million Gross patient service revenue increased $51 8 million Total revenue deductions increased $54 4 million Other operating revenue decreased $2 06 million

Table 3
CaroMont Health, Inc. and Affiliates
Summary of Total Operating Revenues
(in millions of dollars)

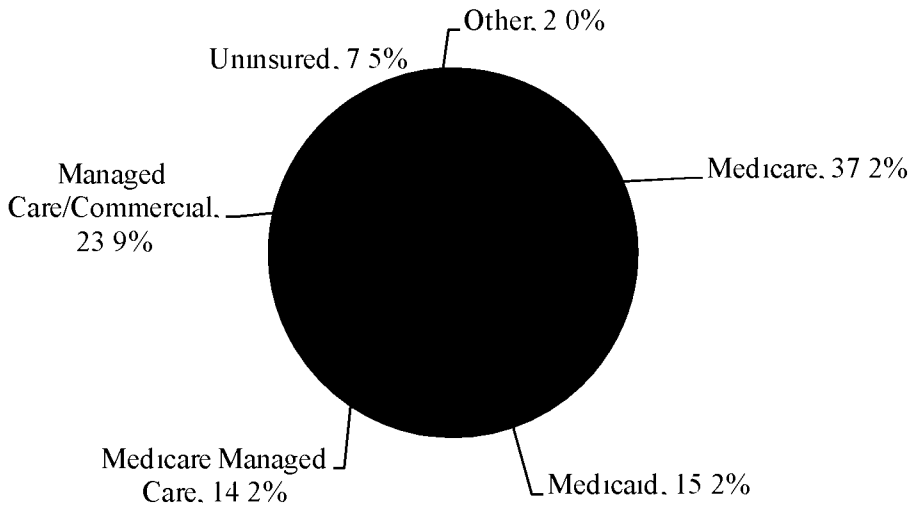
	2014	2013	2012
Inpatient revenue	$ 616 4	$ 581 9	$ 568 1
Outpatient revenue	837 7	789 5	751 5
Gross patient service revenue	1,454 1	1,371 4	1,319 6
Contractual adjustments	879 2	802 8	738 2
Charity care	47 1	52 5	54 8
Provision for bad debts	47 6	42 6	50 5
Total revenue deductions	973 9	897 9	843 5
Net patient service revenue	480 2	473 5	476 1
Other operating revenue	15 5	10 6	12 6
Total operating revenues	$ 495 7	$ 484 1	$ 488 7

In fiscal year 2014, the increase in gross patient service revenue (i e charges) was primarily due to increases in rates that averaged 5% and new physician practice acquisitions and new services The increase in revenue deductions is explained in Graph 2 The increase in other operating revenue was primarily due to increases in meaningful use payments from Medicare and Medicaid and gain from Premier IPO

In fiscal year 2013 the increase in gross patient service revenue (i e charges) was primarily due to increases in rates that averaged 5% and new physician practice acquisitions, which were partially offset by decreases in volumes and physician practice divestitures The increase in revenue deductions is explained in Graph 2 The decrease in other operating revenue was primarily due to reductions in meaningful use payments from Medicare and Medicaid

Graph 1 presents gross patient service revenue by payor type in fiscal year 2014 for the Hospital

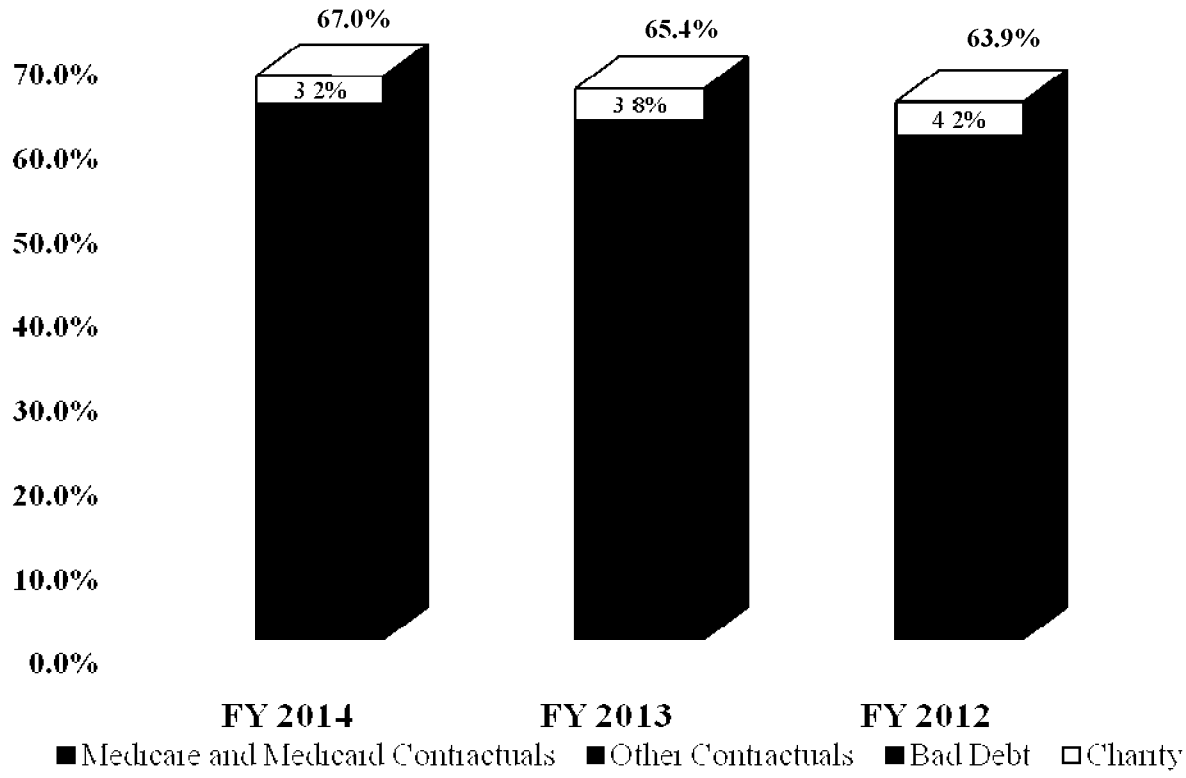
Graph 1
CaroMont Regional Medical Center
Gross Patient Service Revenue by Payor Type



The largest consumers of healthcare services at the Hospital were Medicare patients, comprising 37 2% of gross charges Commercially insured and managed care patients comprised 23 9% of gross charges Medicaid patients comprised 15 2% of gross charges Medicare managed care, uninsured, and other patients comprised the balance of patients, representing 14 2%, 7 5%, and 2 0% of gross charges, respectively As compared to the prior fiscal year, Medicare decreased 1 9%, commercial/managed care stayed the same, Medicaid decreased 0 6%, Medicare managed care increased 3 3%, uninsured decreased 0 5%, and other decreased 0 3%

Graph 2 presents revenue deductions as a percentage of gross patient service revenue in fiscal years 2014, 2013, and 2012 for CaroMont Health, Inc and Affiliates

Graph 2
CaroMont Health, Inc. and Affiliates
Revenue Deductions as a Percentage of Gross Patient Service Revenue



Revenue deductions represent the difference between charges and the amount of payment received for services provided Medicare and Medicaid contractuals are the largest category and represent over half of the deductions The Medicare and Medicaid programs pay hospitals less than full charges, and at times reimbursement from these sources does not fully cover the costs of providing care These programs provide payments for services based upon standardized fee schedules, therefore, payment rates are consistent and deductions vary depending on charges incurred The next largest category, other contractuals, are a result of contracts with managed care companies along with contractuals from other governmental payors such as Tri-Care Bad debt is due to insured patients who do not pay their deductibles and coinsurance or to uninsured patients who do not qualify for financial assistance Charity is provided to uninsured and underinsured patients who qualify for financial assistance because they do not have the financial means to pay for their healthcare services Uncompensated care is defined as services provided for which the System should have received payment, but did not, resulting in either bad debt or charity

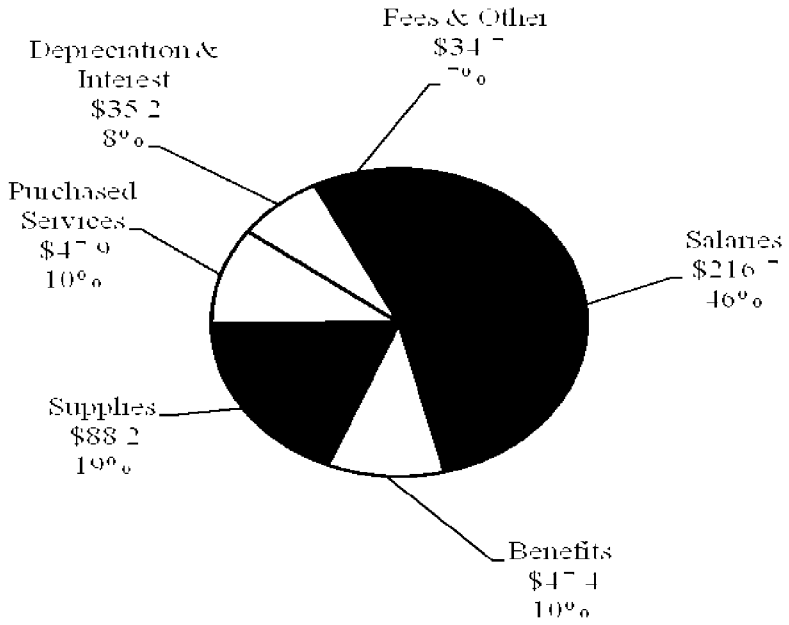
In fiscal year 2014, the percentage of total revenue deductions increased 1 6% to 67 0% The increase was predominately attributable to the 5% increase in charges and a decrease in Medicaid Reimbursement Initiative ("MRI") payments, partially offset by increases in managed care payments The decrease in Medicare and Medicaid contractuals and increase in other contractuals was primarily due to a shift of Medicare patients to Medicare managed care The decrease in charity and debt was primarily due to fewer uninsured patients receiving services

In fiscal year 2013, the percentage of total revenue deductions increased 1 5% to 65 4% The increase in Medicare and Medicaid contractuals was primarily due to a higher length of stay for inpatients and reductions in reimbursements due to sequestration from the Medicare program The increase in other contractuals was primarily due to increases in the number of Medicare managed care patients receiving services which was partially offset by higher reimbursements from managed care companies The decrease in charity and debt was primarily due to fewer uninsured patients receiving services

Total Operating Expenses

In fiscal year 2014, total operating expenses increased $3 2 million to $470 1 million Graph 3 presents a break-down of operating expenses by major category in fiscal year 2014

Graph 3
CaroMont Health, Inc. and Affiliates
Composition of Operating Expenses
In Millions of Dollars and As a Percentage of Total Operating Expense



Salaries and wages expenses, which represent 46% of total operating expenses, decreased 1 4% to $216 7 million The decrease was due primarily to a restructuring of executive and administrative areas, which was partially offset by a modest increase in FTEs for new services and physician practices

Supplies and drugs expenses, which represent 19% of total operating expenses, increased 0 3% to $88 2 million The increase was primarily due to increases in infusion drugs and implants, which was mostly offset by higher supply rebates

Purchased services, which represent 10% of total operating expenses, increased 3 5% to $47 9 million The increase was primarily due to increasing utility costs and contract costs for various services

Employee benefits, which represent 10% of total operating expenses, decreased 0 8% to $47 4 million The decrease was primarily due to lower health insurance expenses, which were partially off-set by increased retirement savings plan contributions

Depreciation, amortization, and interest expense, which represent 8% of total operating expenses, decreased 0 4% to $35 2 million due primarily to lower interest rates and decreasing principal on revenue bonds

Finally, fees and other expenses, which represent 7% of total operating expenses, increased 16 8% to $34 7 million primarily due to increases in the medical professional fees for the hospitalist program, Medicaid provider assessment, and recruiting expenses, which were partially off-set by reductions in legal fees, consulting fees and professional/general liability insurance

Excess of Revenues Over Expenses

As seen in Table 4, in fiscal year 2014, income from operations increased $8 3 million to $25 5 million Net nonoperating revenues increased $15 5 million to $64 6 million Excess of revenues over expenses increased $23 8 million to $90 1 million

In fiscal year 2013, income from operations decreased $3 9 million to $17 2 million Net nonoperating revenues increased $57 0 million to $49 1 million Excess of revenues over expenses increased $53 1 million to $66 3 million

Table 4
CaroMont Health, Inc. and Affiliates
Summary of Excess Revenues over Expenses
(in millions of dollars)

	2014	2013	2012
Income from operations	$ 25 5	$ 17 2	$ 21 1
Net realized gains on investments, interest and dividends	39 8	25 5	23 4
Unrealized gains (losses) on investments, net	25 0	21 9	(26 5)
Unrealized gains (losses) on interest rate swaps	0 8	2 8	(2 7)
Other nonoperating revenues (expenses)	(1 0)	(1 1)	(2 1)
Net nonoperating revenues (expenses)	64 6	49 1	(7 9)
Excess of revenues over expenses	90 1	66 3	13 2
Capital grants, contributions and other	0 2	0 8	1 0
Increase in net position	$ 90 3	$ 67 1	$ 14 2

In fiscal year 2014, the increase in income from operations was primarily due to system-wide cost saving initiatives, higher meaningful use revenues and Premier IPO proceeds, offset slightly by lower MRI/GAP revenues The increase in net realized and unrealized gains on investments was due to increases in the values of the investments The decrease in unrealized gains on interest rate swaps for the swaps that are no longer hedged against tax-exempt debt was due to improvements in the fair values of the swaps The decrease in other nonoperating expenses was primarily due to lower non-operating expenses incurred and fewer grants distributed by the Foundation

In fiscal year 2013, the decrease in income from operations was primarily due to lower MRI/GAP and meaningful use revenues along with a slight decrease in hospital volumes, which were partially offset by lower operating expenses The increase in net realized and unrealized gains on investments was due to increases in the values of the investments The increase in unrealized gains on interest rate swaps for the swaps that are no longer hedged against tax-exempt debt was due to improvements in the fair values of the swaps The decrease in other nonoperating expenses was primarily due to fewer grants distributed by the Foundation

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As seen in Table 5, in fiscal year 2014, the net investment in capital assets increased $16 9 million to $249 0 million In fiscal year 2013, the net investment in capital assets decreased $2 3 million to $232 1 million

Table 5
CaroMont Health, Inc. and Affiliates
Capital Assets
(in millions of dollars)

	2014	2013	2012
Land and land improvements	$ 8 6	$ 7 9	$ 10 8
Buildings and improvements	295 4	285 0	291 3
Equipment	202 9	204 8	214 7
Gross capital assets	506 9	497 7	516 8
Less accumulated depreciation	(285 4)	(273 2)	(296 8)
Construction in progress	27 5	7 6	14 4
Capital assets	$ 249 0	$ 232 1	$ 234 4

In fiscal year 2014, the major capital asset additions included

- Renovation of physical therapy space at the skilled nursing facility
- Construction of new primary and urgent care facility
- Construction of a new freestanding emergency department that will open next fiscal year
- Commencement of electronic medical record and patient billing system conversion to EPIC

Outstanding Debt

As seen in Table 6, in fiscal year 2014, the revenue bonds outstanding decreased $6 2 million to $200 0 million In fiscal year 2013, the revenue bonds outstanding decreased $6 8 million to $206 2 million

Table 6
CaroMont Health, Inc. and Affiliates
Outstanding Debt
(in millions of dollars)

	2014	2013	2011
Revenue bonds	$ 200 0	$ 206 2	$ 213 0

The decrease was due to repayment of principal for the Series 2003 and Series 2008 revenue bonds

COMMUNITY BENEFITS

CaroMont Health, Inc and Affiliates' mission is to provide exceptional healthcare to the communities it serves As a nonprofit hospital, CaroMont Regional Medical Center acts as a "safety net", providing needed medical care to those unable to pay for their services In addition, other resources provided by the System benefit the general well-being of the community at large

The System provides numerous benefits to the communities served, encompassing all of Gaston County and surrounding counties The largest benefit is the provision of uncompensated care to uninsured and underinsured patients, which amounted to over $94 7 million of gross charges in 2014 In addition, the System provided care to Medicare, Medicaid, other government, and uninsured patients for which the reimbursement did not cover the full cost of providing the services Education is another significant community benefit that the System provides The System offers several educational programs to local high school students and serves as an important clinical rotation site for training of students in nursing and allied health programs for area colleges Other community benefits include free and low-cost preventive health screenings, health fairs, support groups, wellness outreach, participation in community not-for-profit organizations, subsidized services (such as birthing services and psychiatric services), economic development activities, and partnerships with and support to other community healthcare organizations In addition, the System, in partnership with community partners, conducted a Community Health Needs Assessment in 2012, and adopted an implementation strategy plan through 2015 to address the priority healthcare needs of the community

For more information on the community benefits provided, the System publishes an Annual Report on its website, www caromonthealth org

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Net Position

June 30, 2014 and 2013

Assets	2014	As Applied 2013
Current assets		
Cash and cash equivalents	$ 57,270,504	$ 30,428,191
Investments	10,474,859	5,970,130
Patient accounts receivable, net of allowance for uncollectible accounts of approximately $26,686,000 in 2014 and $20,997,000 in 2013	62,035,754	51,398,695
Other accounts receivable, net	4,953,990	5,813,598
Inventories of drugs and supplies	8,151,350	7,835,551
Prepaid expenses	9,356,803	9,525,707
Total current assets	152,243,260	110,971,872
Assets limited as to use		
Internally designated	564,644,072	523,016,811
Held by trustee	4	2
Donor restricted	3,531,695	3,097,700
Total assets limited as to use	568,175,771	526,114,513
Capital assets		
Non-depreciable capital assets	34,322,868	13,964,397
Depreciable capital assets, net of accumulated depreciation	214,714,093	218,114,402
Total capital assets, net of accumulated depreciation	249,036,961	232,078,799
Other assets		
Prepaid pension obligation	50,143,969	49,278,966
Bond insurance, net	1,871,511	2,003,607
Other long-term assets	15,799,319	11,942,239
Total other assets	67,814,799	63,224,812
Total assets	1,037,270,791	932,389,996
Deferred Outflows		
Interest rate swaps	23,495,262	22,897,786
Unamortized advance refunding	4,969,407	5,652,566
Total deferred outflows	28,464,669	28,550,352
Total assets and deferred outflows	$ 1,065,735,460	$ 960,940,348

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Net Position, Continued

June 30, 2014 and 2013

Liabilities	**2014**	**As Applied 2013**
Current liabilities		
Accounts payable	$ 26,451,583	$ 17,435,462
Accrued payroll and related liabilities	27,575,301	25,830,827
Estimated third-party payor settlements	41,420,657	33,058,834
Other accrued expenses	21,159,735	22,360,228
Current installments of long-term debt	6,450,000	6,255,000
Total current liabilities	123,057,276	104,940,351
Long-term debt, excluding current installments, net	194,236,825	200,766,819
Interest rate swaps	23,495,262	22,897,786
Other long-term liabilities	8,905,354	6,555,412
Total long-term liabilities	226,637,441	230,220,017
Total liabilities	349,694,717	335,160,368
Net Position		
Net invested in capital assets	55,191,054	32,713,153
Restricted		
For debt service	4	2
For specific operating purposes	3,531,695	3,097,700
Unrestricted	657,317,990	589,969,125
Total net position	716,040,743	625,779,980
Total liabilities and net position	$ 1,065,735,460	$ 960,940,348

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

CAROMONT HEALTH, INC. AND AFFILIATES

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

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately $47,587,000 in 2014 and $42,621,000 in 2013	$ 480,190,753	$ 473,476,263
Other operating revenue	15,467,837	10,602,622
Total operating revenues	495,658,590	484,078,885
Operating expenses		
Salaries and wages	216,689,341	219,860,638
Employee benefits	47,425,424	47,830,691
Fees	19,780,251	15,586,266
Supplies and drugs	88,184,759	87,877,635
Purchased services	47,944,930	46,304,596
Other	14,872,364	14,071,082
Interest expense	8,451,178	8,874,005
Depreciation and amortization	26,784,302	26,491,439
Total operating expenses	470,132,549	466,896,352
Income from operations	$ 25,526,041	$ 17,182,533

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Revenues, Expenses, and Changes in Net Position, Continued

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Income from operations	$ 25,526,041	$ 17,182,533
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	39,827,794	25,525,951
Unrealized gains on investments, net	25,011,729	21,889,353
Unrealized gains on interest rate swaps	742,884	2,774,056
Other nonoperating expenses	(999,139)	(1,094,665)
Net nonoperating revenues	64,583,268	49,094,695
Excess of revenues over expenses before capital grants, contributions and other	90,109,309	66,277,228
Capital grants, contributions and other	151,454	774,114
Increase in net position	90,260,763	67,051,342
Net position, beginning of year	625,779,980	558,728,638
Net position, end of year	$ 716,040,743	$ 625,779,980

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

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 477,915,721	$ 470,620,497
Payments to suppliers and contractors	(176,859,541)	(172,558,979)
Payments to employees for services	(260,885,354)	(272,440,982)
Other receipts from operations	15,776,404	11,131,821
Net cash provided by operating activities	55,947,230	36,752,357
Cash flows from noncapital financing activities		
Other	(999,139)	(1,094,665)
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(6,255,000)	(6,735,000)
Capital grants, contributions, and other	151,454	774,114
Purchase of capital assets, net	(39,103,383)	(23,228,962)
Net cash used by capital and related financing activities	(45,206,929)	(29,189,848)
Cash flows from investing activities		
Investment income	39,827,794	25,525,951
Change in other investments	(1,172,386)	(922,200)
Purchase of investments	(162,780,289)	(196,931,374)
Proceeds from sale of investments	141,226,032	160,879,779
Net cash provided (used) by investing activities	17,101,151	(11,447,844)
Net increase (decrease) in cash and cash equivalents	26,842,313	(4,980,000)
Cash and cash equivalents, beginning of year	30,428,191	35,408,191
Cash and cash equivalents, end of year	$ 57,270,504	$ 30,428,191

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows, Continued

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	$ 25,526,041	$ 17,182,533
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation expense	26,602,234	26,306,823
Amortization expense	182,068	184,616
Amortization of advanced refunding and premium	603,165	639,391
Loss on disposal of capital assets	308,565	529,196
Provision for bad debts	47,587,346	42,620,754
Changes in assets and liabilities		
Patient accounts receivable, net	(58,224,405)	(39,264,532)
Other current assets	712,713	323,960
Other assets	(2,856,785)	(9,074,757)
Accounts payable	4,250,542	(1,922,389)
Accrued payroll and other accrued expenses	8,905,804	(2,185,691)
Other liabilities	2,349,942	1,412,453
Net cash provided by operating activities	$ 55,947,230	$ 36,752,357
Supplemental schedule of noncash activities		
Interest cost capitalized	$ 356,357	$ 318,655
Unrealized gains on investments, net	$ 25,011,729	$ 21,889,353
Unrealized gains on interest rate swaps	$ 742,884	$ 2,774,056
Capital asset additions included in accounts payable	$ 4,765,578	$ 1,307,457

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

1 Description of Organization and Summary of Significant Accounting Policies

Organization – CaroMont Health, Inc and Affiliates (the "Parent") is a North Carolina nonprofit corporation and serves as the parent corporation for a health care delivery system currently composed of controlled affiliates which are providers of health care and ancillary services The Parent and its wholly-owned and controlled affiliates are referred to as the "System" The System serves the City of Gastonia, Gaston County and surrounding counties in North and South Carolina

The combined financial statements of CaroMont Health, Inc and Affiliates include the accounts of the Parent and its wholly-owned and controlled affiliates Gaston Memorial Hospital, Incorporated, d/b/a CaroMont Regional Medical Center ("Hospital"), CaroMont Health Services, Inc , ("CHS"), Gaston Memorial Hospital Foundation, Inc , d/b/a CaroMont Health Foundation ("Foundation"), CaroMont Medical Group, Inc , ("CMG"), Hospice of Gaston County, Inc , ("Hospice"), CaroMont Insurance Services, LTD, and CaroMont Occupational Medicine, LLC The Hospital is a North Carolina nonprofit corporation and operates a 435-bed acute care community hospital The Hospital generated approximately 84% of the System's total gross patient charges in 2014 and 2013

Gaston County (the "County") has leased the buildings and surrounding land to the Parent and the Hospital for a nominal amount per year The current lease continues through April 29, 2035 and is thereafter automatically renewed for one-year terms until either party terminates the lease

The Parent is governed by a board of directors ("the Board") whose members are appointed by the Board of Commissioners of the County The Board appoints the board of directors of each of the affiliated entities Further, each affiliated entity is controlled by the Board and operates for the benefit of the community served by the System Accordingly, the affiliated entities are reported as blended component units of the Parent

Enterprise funds are used to account for the System's ongoing activities Significant intercompany accounts and transactions have been eliminated in the combination of these funds The proprietary fund method of accounting is used for the enterprise funds whereby revenue and expenses are recognized on the accrual basis

Basis of Presentation – The accompanying combined financial statements have been prepared in accordance with the principles contained in the applicable governmental accounting standards

Accounting Standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the System will only recognize GASB statements as authoritative guidance Financial Accounting Standards Board ("FASB") statements, including those issued after November 30, 1989 and AICPA pronouncements will no longer be authoritative and may be used as non-authoritative guidance

Pursuant to GASB Statement No 65, *Items Previously Reported as Assets and Liabilities*, the System will reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities As required, the accounting changes have been applied retroactively by restating the combined financial statements for all periods presented

As it relates to the System, deferred financing costs, except for bond insurance, is recorded as an expense and no longer capitalized and amortized The effect of the application of GASB 65 on previously reported combined financial statement amounts is summarized below

	2013 As Previously Reported	Adjustment	2013 As Applied
Combined Statement of Net Position:			
Deferred financing costs, net	$ 4,131,992	$ (4,131,992)	$ -
Bond insurance, net	$ -	$ 2,003,607	$ 2,003,607
Net position, June 30, 2012	$ 561,035,862	$ (2,307,224)	$ 558,728,638
Net position, June 30, 2013	$ 627,908,365	$ (2,128,385)	$ 625,779,980

Combined Statement of Revenues, Expenses and Changes in Net Position:	2013 As Previously Reported	Adjustment	2013 As Applied
Other	$ 13,938,875	$ 132,207	$ 14,071,082
Depreciation and amortization	$ 26,802,485	$ (311,046)	$ 26,491,439
Increase in net position	$ 66,872,503	$ 178,839	$ 67,051,342
Net position, June 30, 2012	$ 561,035,862	$ (2,307,224)	$ 558,728,638
Net position, June 30, 2013	$ 627,908,365	$ (2,128,385)	$ 625,779,980

Additionally, the deferred loss from the refunding of debt is no longer be presented as a reduction to long-term debt as it is reported as deferred outflows of resources The effect of this reclassification on the previously reported combined financial statement amounts is summarized below

	2013 As Previously Reported	Reclassification	2013 As Applied
Combined Statement of Net Position:			
Unamortized advance refunding	$ -	$ 5,652,566	$ 5,652,566
Long-term debt, excluding current installments, net	$ 195,114,253	$ 5,652,566	$ 200,766,819

Use of Estimates – The preparation of combined 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 combined 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 – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with donors

Deposits – All deposits of the System are made in board-designated official depositories

The System maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC") At various times throughout the year, the System maintains bank account balances in excess of FDIC insured limits At June 30, 2014 and 2013, the System's deposits had a carrying amount of approximately $57,248,000 and $30,406,000, respectively, and bank balances of approximately $59,987,000 and $34,294,000, respectively The System had cash on hand of approximately $23,000 at June 30, 2014 and $22,000 at June 30, 2013

Patient Accounts Receivable – Allowances for uncollectible accounts are computed based on statistical information from current and prior years' experience The System grants credit to patients without collateral, substantially all of whom are from the surrounding area

Inventories of Drugs and Supplies – Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out method) or market Market is considered to be net realizable value

Assets Limited as to Use – Assets limited as to use include assets held by trustees under indenture agreements, assets given by donors for specific capital projects or scholarships, and assets set aside by the Board for future capital improvements

Investments in Debt and Equity Securities – Investments are stated at fair value, except for private equities which are stated at lower of cost or market Interest, dividends, gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenues (expenses) when earned

Capital Assets – Capital asset acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method Equipment under capital lease obligations is amortized over the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the combined financial statements

Costs of Borrowing – Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Other Long-Term Assets – Other long-term assets include goodwill, investments in joint ventures, interest rate swaps held as investments, and other long-term assets Goodwill represents the costs of purchasing healthcare entities in excess of the book value of the assets acquired Such amounts are considered for impairment based on both qualitative and quantitative approaches as appropriate As of June 30, 2014 and 2013, goodwill has a carrying amount of approximately $5,760,000 and $5,835,000, respectively Impairment of $75,000 was recorded in the year ended June 30, 2014 and no impairment was recorded in 2013 Investments in joint ventures are accounted for under either the cost or equity method in accordance with generally accepted accounting principles

Deferred Outflows – Deferred outflows of resources represent a consumption of net position that applies to a future period The System has an effective interest rate swap and unamortized losses on previous advanced refundings that meet the criterion for this classification

Restricted Assets – Restricted assets of the System consist of cash and investments held for specific purposes as designated by donors of these assets Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted fund

Net Position – Net position of the System is classified in three components *Net invested in capital assets* consists of capital assets (restricted and unrestricted), net of accumulated depreciation plus unamortized advance refunding net of accumulated amortization, and reduced by the outstanding borrowings attributable to the acquisition, construction, or improvement of these assets *Restricted net position* is noncapital assets that must be used for a particular purpose, as specified by grantors or contributors external to the System *Unrestricted net position* is remaining net position that does not meet the definition of *net invested in capital assets* or *restricted*

Net Patient Service Revenue – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive revenue adjustments due to future audits and reviews Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits or reviews

Charity Care –The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates The System does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue The amounts of direct and indirect costs foregone for services and supplies furnished under the System's charity care policy totaled approximately $15,219,000 and $17,877,000 for the years ended June 30, 2014 and 2013, respectively, and is based on a ratio of the System's total operating expenses to its gross patient charges

Operating Revenue and Expenses – The System's combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses Operating revenues result from transactions associated with providing health care services, the System's principal activity Operating expenses are all expenses incurred to provide health care services, including interest expense

Grants and Contributions – From time to time, the System receives grants and contributions from individuals and private organizations Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met Grants and contributions may be restricted for either specific operating purposes or for capital purposes Amounts that are unrestricted or that are restricted to a specific operating purpose are generally reported as nonoperating revenues Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses

Functional Expense Classification – Substantially all expenses in the accompanying combined statements of revenues, expenses and changes in net position were incurred for or related to the provision of health care services by the System

Income Taxes – The System is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The System has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2014 and 2013 Fiscal years ending on or after June 30, 2011 remain subject to examination by federal and state tax authorities

Risk Management – The System is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health, dental, and accident benefits Commercial insurance coverage is purchased for claims arising from such matters Settled claims have not exceeded this commercial coverage in any of the preceding years

2 Net Patient Service Revenue

Under certain third-party payor arrangements, the System is reimbursed on predetermined or prospectively determined rates or cost reimbursement methodologies, which are generally less than the System's customary charges A summary of the payment arrangements with major third-party payors follows

Medicare - Inpatient acute-care services, outpatient services, and capital costs are paid at prospectively determined rates per discharge/service The System is reimbursed for Disproportionate Share and Medicare Bad Debts at a tentative rate with final settlement determined after submission of separate annual cost reports by the System and audits thereof by the Medicare fiscal intermediary The System's Medicare cost reports have been settled by the Medicare fiscal intermediary through the year ended June 30, 2009 Medicare net patient service revenue was approximately 33% of total net patient service revenue for the years ended June 30, 2014 and 2013

Medicaid – Acute inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge or service Inpatient services provided on the psychiatric unit of the hospital are paid based on a per diem methodology Outpatient services rendered by the System are reimbursed under either a cost reimbursement or fee for service methodology The cost reimbursement methodology reimburses the System at a tentative rate with final settlement determined after submission and subsequent audit of the annual cost report The System's Medicaid cost reports have been settled by Medicaid through the year ended June 30, 2008 Medicaid net patient service revenue was approximately 7% and 8% of total net patient service revenue for the years ended June 30, 2014 and 2013, respectively

Other – The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and Medicare managed care plans The bases for payments to the System under these agreements include prospectively determined rates per discharge, prospectively determined daily rates, prospectively determined rates per procedure, and discounts from established charges

During the year ended June 30, 2014, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately $123,000 consisting of the final settlement of the 2013 Champus cost report In the opinion of management, adequate provisions have been made for adjustments, if any, that may result from cost reports that have not been final settled During the year ended June 30, 2013, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately $1,623,000 consisting of the final settlements of the 2007 amended Medicare cost report, 2008 & 2009 Medicare cost reports, 2008 Medicaid cost report, and the 2012 Champus cost report

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws

and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Gross patient charges, contractual adjustments, charity care, provision for bad debts and net patient service revenue for years ended June 30, 2014 and 2013 is set forth in the following table

	2014	2013
Gross patient charges	$ 1,454,056,023	$ 1,371,396,467
Contractual adjustments	(879,207,910)	(802,790,120)
Charity care	(47,070,014)	(52,509,330)
Provision for bad debts	(47,587,346)	(42,620,754)
Net patient service revenue	$ 480,190,753	$ 473,476,263

Funding for Meaningful Use of Electronic Health Records ("EHR") - The System recognizes revenue for incentives earned under the Medicare and Medicaid programs in the period in which it is reasonably assured that it will comply with the applicable EHR meaningful use requirements Incentive revenues are recognized ratably over the applicable meaningful use demonstration period Incentive payments received under the Medicare program include a discharge-related portion, which is calculated by Centers for Medicare & Medicaid Services ("CMS") based on the Hospital's most recently filed cost report Such amounts are subject to adjustment at the time of settling the 12-month cost report for the Hospital's fiscal year that begins after the beginning of the payment year

The Hospital achieved compliance with the Year 1 and 2 meaningful use requirements under the Medicare program and, accordingly, recognized other revenues of approximately $2,529,000 and $473,000 for the years ended June 30, 2014 and June 30, 2013, respectively The Hospital achieved compliance with the Year 1 and 2 meaningful use requirements under the Medicaid program and, accordingly, recognized other revenues of approximately $1,115,000 and $61,000 for the years ended June 30, 2014 and June 30, 2013, respectively

Various CMG physician clinics achieved compliance with Year 1 or Year 2 meaningful use requirements under the Medicare program and, accordingly, recognized other revenues of approximately $987,000 and $1,154,000 for the years ended June 30, 2014 and June 30, 2013, respectively Additionally, certain clinics achieved compliance with Year 1 and Year 2 meaningful use requirements under the Medicaid program and, accordingly, recognized other revenues of approximately $125,000 and $220,000 for the years ended June 30, 2014 and June 30, 2013, respectively

Medicaid Reimbursement Initiative – The Hospital participates in a voluntary Medicaid Reimbursement Initiative (the "Initiative") The Initiative allows the Hospital to receive additional annual Medicaid funding Initiative years run concurrent with the federal fiscal year, which is the period from October 1 through September 30 All Initiative payments have been approved by CMS and are subject to final settlement by the state of North Carolina Due to the fact the Initiative payments are subject to final settlement by the State of North Carolina, refunding of the amounts received may be required During the years ended June 30, 2014 and 2013, the System recognized approximately $14,563,000 and $15,675,000, respectively, of the amounts received each year under the Initiative as net patient service revenue In addition, the System recognized approximately $1,169,000 and $832,000 during the years ended June 30, 2014 and 2013, respectively, of net patient revenue related to payments received in federal fiscal years 2006 and 2005 which had been held in reserve During the years ended June 30, 2014 and 2013, the State of North Carolina made no settlements to the Initiative

In April 2012, CMS approved a North Carolina Medicaid Assessment Plan ("MAP") to reduce the gap between Medicaid/uninsured costs and payments retroactive to January 1, 2012 Hospitals that participate in the program pay an assessment fee and in turn receive a payment from the MAP The System paid approximately $3,788,000 and $3,488,000, and, recognized approximately $6,071,000 and $7,412,000 for the years ended June 30, 2014 and June 30, 2013, respectively, under the MAP program The net impact of approximately $2,283,000 and $3,924,000 for the years ended June 30, 2014 and June 30, 2013, respectively, is included in income from operations on the combined statement of revenues, expenses, and changes in net position

3 Patient Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the System at June 30, 2014 and 2013 consisted of the following amounts

Patient Accounts Receivable	2014	2013
Receivable from patients	$ 32,433,545	$ 28,794,644
Receivable from third-party payors and other	35,336,561	24,571,947
Receivable from Medicare	14,769,015	14,159,940
Receivable from Medicaid	6,182,342	4,869,458
Total patient accounts receivable	88,721,463	72,395,989
Less allowance for uncollectible accounts	26,685,709	20,997,294
Patient accounts receivable, net	$ 62,035,754	$ 51,398,695

Accounts Payable and Accrued Expenses		
Payable to suppliers	$ 41,078,464	$ 32,538,880
Payable to or on behalf of employees	34,108,155	33,087,637
Total accounts payable and accrued expenses	$ 75,186,619	$ 65,626,517

4 Investments

The comparison of current investments at June 30, 2014 and 2013 is set forth in the following table Investments are stated at fair value

	2014	2013
Certificates of deposit	$ 4,737,334	$ 5,885,880
Cash reserves	5,737,525	84,250
Investments	$ 10,474,859	$ 5,970,130

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2014 and 2013 is set forth in the following table Investments are stated at fair value, except for private equities which are stated at lower of cost or market

	2014	2013
Held by trustee under indenture agreements		
Cash and investments	$ 4	$ 2
Internally designated		
Structured notes/bonds	$ 53,568,709	$ 59,788,134
Money market accounts	3,868,684	3,409,533
Common stocks	109,910,286	109,521,397
Bond and stock mutual funds	219,649,488	209,944,753
Private equities	15,057,165	15,637,927
Hedge funds (absolute return)	122,612,918	98,526,806
Stock and bond exchange traded funds	39,976,822	26,188,261
Total	$ 564,644,072	$ 523,016,811
Donor restricted		
Cash and investments	$ 3,531,695	$ 3,097,000

At June 30, 2014 and 2013, the System had structured notes/bonds with fixed maturity dates as follows

		Investment in Maturities (in Years)			
Investment Type	Carrying Amount	Less than 1	1 – 5	6 – 10	More than 10
June 30, 2014					
Structured notes/ bonds	$ 53,568,709	$ 4,258,910	$ 42,478,890	$ 5,916,804	$ 914,105
June 30, 2013					
Structured notes/ bonds	$ 59,788,134	$ 3,308,940	$ 32,958,429	$ 22,638,949	$ 881,816

Interest Rate Risk – As a means of limiting its exposure to fair value losses as a result of rising interest rates, the System generally invests in obligations with varying maturity dates

Credit Risk – The System's investment policy regarding credit risk does limit the System to certain investments

Concentration of Credit Risk – The System places limits on the amount it may invest in any one asset class At June 30, 2014 and 2013, the majority of the System's investments are held in common stocks and bond and stock mutual funds

6 Capital Assets

Capital asset additions, retirements, transfers, and balances for the years ended June 30, 2014 and 2013 are as follows

	Balance June 30, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Capital assets					
Non-depreciable capital assets					
Land	$ 6,316,472	$ -	$ 489,976	$ 26,747	$ 6,779,701
Construction in Progress	7,647,924	43,935,983	(24,040,740)	-	27,543,167
	13,964,396	43,935,983	(23,550,764)	26,747	34,322,868
Depreciable capital assets					
Land improvements	1,545,568	-	317,174	-	1,862,742
Buildings and Improvements	284,971,563	-	10,750,794	354,173	295,368,184
Equipment	204,763,447	-	12,482,796	14,386,857	202,859,386
	491,280,578	-	23,550,764	14,741,030	500,090,312
Totals at historical costs	505,244,974	43,935,983	-	14,767,777	534,413,180
Less accumulated depreciation for					
Land improvements	774,080	141,902	-	-	915,982
Buildings and improvements	125,174,841	12,445,843	39,610	40,262	137,620,032
Equipment	147,217,254	14,014,489	(39,610)	14,351,928	146,840,205
Total accumulated depreciation	273,166,175	26,602,234	-	14,392,190	285,376,219
Capital assets, net	$ 232,078,799	$ 17,333,749	$ -	$ 375,587	$ 249,036,961

	Balance June 30, 2012	Additions	Transfers	Retirements	Balance June 30, 2013
Capital assets					
Non-depreciable capital assets					
Land	$ 5,474,239	$ -	$ 842,233	$ -	$ 6,316,472
Construction in Progress	14,416,929	24,546,274	(31,315,279)	-	7,647,924
	19,891,168	24,546,274	(30,473,046)	-	13,964,396
Depreciable capital assets					
Land improvements	5,349,220	-	416,250	4,219,902	1,545,568
Buildings and improvements	291,253,388	-	13,198,326	19,480,151	284,971,563
Equipment	214,682,703	-	16,858,470	26,777,726	204,763,447
	511,285,311	-	30,473,046	50,477,779	491,280,578
Totals at historical costs	531,176,479	24,546,274	-	50,477,779	505,244,974
Less accumulated depreciation for					
Land improvements	4,887,419	105,840	723	4,219,902	774,080
Buildings and improvements	132,402,675	12,244,650	3,644	19,476,128	125,174,841
Equipment	159,507,986	13,956,333	(4,367)	26,242,698	147,217,254
Total accumulated depreciation	296,798,080	26,306,823	-	49,938,728	273,166,175
Capital assets, net	$ 234,378,399	$ (1,760,549)	$ -	$ 539,051	$ 232,078,799

As of June 30, 2014, the System has signed contracts for approximately $56,570,000 for various projects of which $38,740,000 remains unfulfilled The projects are expected to be completed at various times through fiscal year 2016 As of June 30, 2014, the System had approximately $4,766,000 accrued on the balance sheet related to construction projects

7 Long-Term Debt

A schedule of changes in the System's long-term debt for the years ended June 30, 2014 and 2013 follows

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Bonds and notes payable				
Bonds payable	$ 206,235,000	$ -	$ 6,255,000	$ 199,980,000
Add				
Premium	786,819			706,825
Less				
Current installments	6,255,000			6,450,000
Net total long-term debt	$ 200,766,819			$ 194,236,825

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Bonds and notes payable				
Bonds payable	$ 212,970,000	$ -	$ 6,735,000	$ 206,235,000
Add				
Premium	872,901			786,819
Less				
Current installments	6,735,000			6,255,000
Net total long-term debt	$ 207,107,901			$ 200,766,819

The Series 2003 and Series 2008 Bonds are payable from operating revenues of the Parent, the Hospital, and CHS (collectively the Obligated Group), as defined by the indenture

Series 2008

On January 31, 2008, The North Carolina Medical Care Commission issued $118,400,000 of Series 2008 Hospital Revenue Bonds ("Series 2008 Bonds") as variable rate bonds bearing interest determined weekly by a remarketing agent The Series 2008 Bonds mature February 15, 2035 The System used the proceeds from the bonds for various capital improvements, including, but not limited to, the renovation of certain floors of the patient tower, renovation of the day of surgery unit, installation of fire sprinklers in non-sprinkled areas, and the upgrade of life safety and critical power In addition, the Hospital used the proceeds to refund the aggregate principal amount of the Series 1995 Revenue Bonds in the amount of $41,210,000 and to refund the aggregate principal amount of the Series 1998 Revenue Bonds in the amount of $49,710,000 The refunding resulted in a difference between the reacquisition price and the net carrying amount of the Refunded 1995 and 1998 Bonds, including unamortized financing cost, of approximately $3,643,000 This difference, reported in the accompanying combined financial statements as a deduction from bonds payable, will be charged to interest expense through the year 2029 using the effective interest method Payment of the purchase price of any 2008 Bonds that were tendered for purchase and not timely remarketed, under certain circumstances and subject to certain conditions, would be made with money advanced under a Standby Bond Purchase Agreement The Standby Bond Purchase Agreement did not secure the payment of principal or interest on the Bonds Scheduled payments of principal and interest on the Bonds are guaranteed under a financial guaranty insurance policy The policy guarantees only the payment when due of principal and interest on the Bonds and does not guaranty the purchase of any Bonds that an owner elects to tender for purchase

On September 1, 2010, the North Carolina Medical Care Commission converted the Series 2008 bonds with an aggregate balance of $106,460,000 to a fixed mode which bears interest at fixed rates ranging from 0 580% to 4 625% Interest is payable on February 15 and August 15 The Standby Bond Purchase Agreement was terminated simultaneously with the conversion of the bonds The financial guaranty insurance policy remains in place

Series 2003

On January 23, 2003, The North Carolina Medical Care Commission issued $120,000,000 of Series 2003 Hospital Revenue Bonds ("Series 2003 Bonds") The Series 2003 Bonds mature August 15, 2034 The System used the proceeds from these bonds for various capital improvements, including, but not limited to, a new women's center and parking deck, renovations to existing facilities, and equipment In addition, proceeds were used to refund in advance of their maturities $17,000,000 in principal amount of the Series 1998 Hospital Revenue Bonds (Refunded 1998 Bonds) The 2003 Bonds were issued in a weekly rate period in the R-FLOATS mode and bore an interest rate at the applicable percentage of the BMA Municipal Swap Index The scheduled payment of principal and interest on the Bonds is guaranteed under a financial guaranty insurance policy

On May 9, 2006, all of the outstanding Series 2003 bonds ($119,800,000) were converted from the weekly rate period in the R-FLOATS mode to the short term auction rate period in a seven-day mode The bonds were subject to mandatory tender for purchase on the auction rate conversion date at a purchase price equal to 100% of the principal amount of tendered bonds plus interest accrued and unpaid

On June 27, 2008, the North Carolina Medical Care Commission converted $119,600,000, the full outstanding amount of Series 2003 Hospital Revenue Bonds, to variable rate bonds bearing interest determined weekly by a remarketing agent and paid monthly Payment of principal and interest was secured by a single, irrevocable, direct-pay letter of credit The letter of credit was terminated on July 25, 2012 The financial guaranty insurance policy issued when the Series 2003 Bonds were originally issued remained in place

On July 25, 2012, the System entered into a transaction to substitute the direct pay letter of credit on all of the outstanding Series 2003 bonds ($119,200,000) with two letters of credit, one to support the Subseries A Bonds and one to support the Subseries B bonds Subsequent to year end, the letters of credit were extended and will now expire on August 1, 2017 The financial guaranty policy issued when the Series 2003 Bonds were originally issued remains in place

Derivative Instruments

The System entered into two interest rate swap agreements for a portion of the Series 2008 Bonds As of June 30, 2014 and 2013, respectively, the first swap transaction has a notional amount equal to $19,560,000 and $23,130,000, requires the System to pay a fixed rate of 3 06% and the counterparty to pay 67% of the one-month London Inter-bank Offered Rate ("LIBOR") As of June 30, 2014 and 2013, respectively, the second swap transaction has a notional amount equal to $31,595,000 and $34,005,000, and requires the System to pay a fixed rate of 3 221% and the counterparty to pay 67% of the one-month LIBOR

The 2008 swap transactions were entered into on March 1, 2008 and are scheduled to terminate on February 15, 2019 and February 15, 2029, respectively With the conversion of the Series 2008 Bonds to fixed interest rates, a new agreement was signed that requires the Obligated Group to terminate the swap within seven years, or earlier if the value of either swap transaction turns positive Only the net difference in interest payments is actually exchanged with the counterparty Management has not entered into interest rate swaps associated with the remaining amount of the Series 2008 bonds

The swap arrangements qualified as an effective interest rate hedge However, with the conversion of the Series 2008 Bonds to fixed interest rates, the swap no longer hedges the bonds, and as such, the related amount payable to the counterparty is included in other long-term assets on the combined statements of net position The fair value of the swap at June 30, 2014 and 2013 was a liability of approximately $4,745,000 and $5,488,000, respectively The counterparty is Aa3 rated by Moody's and A+ rated by Standard and Poor's

The System entered into two interest rate swap agreements for the entire Series 2003 revenue bonds The swap agreements have a combined notional amount equal to $119,000,000 and $119,100,000 as of June 30, 2014 and 2013, respectively, and both terminate on August 15, 2034 Based on the swap agreements, the System owes interest calculated at a fixed rate of 3 62% to the counterparty to the swaps In return, the counterparty owes the System interest based on 67% of one-month LIBOR Only the net difference in interest payments is actually exchanged with the counterparty

The swap arrangements qualified as an effective interest rate hedge at June 30, 2014 and at June 30, 2013 The fair value of the swaps at June 30, 2014 and 2013 was a liability of approximately $23,495,000 and $22,898,000, respectively The related amount payable to the counterparty is included in long-term liabilities along with the proper offsetting deferred charge included in deferred outflows on the combined statements of net position The counterparty is Baa2 rated by Moody's and A- rated by Standard and Poor's

Basis Risk - The System is exposed to basis risk on its interest rate swaps Basis risk is the difference between the interest rates on the underlying bonds and 67% of one-month LIBOR The System pays variable interest rates on its underlying bonds and receives 67% of one-month LIBOR on the swap, both short-term variable rates

Termination Risk - The System or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract If, at the time of termination, a hedging derivative instrument is in a liability position, the System would be liable to the counterparty for a payment equal to the liability

Bond Covenants

Articles III and IV of the Master Trust Indentures and Articles IV, V, and VI of the Loan Agreements relating to the Series 2003 and Series 2008 bonds contain certain restrictive covenants including, but not limited to, the maintenance of a certain long-term debt service coverage ratio, as defined In addition, the covenants impose limitations on the selling, leasing or conveying of substantial properties and on incurring any encumbrances, and prohibit establishing a security interest, pledge, or lien against any assets without the permission of the lenders

The System continues to pay interest to the bondholders at the variable rates and fixed rates provided by the bonds However, during the terms of the swap agreements, the System effectively pays a fixed rate on the Series 2003 Bonds The debt service requirements to maturity for the portion of the bonds that are swapped are based on the fixed rate of 3 62% and is included in the debt service table that follows The System will be exposed to additional variable rates if the counterparty to the swap defaults or if the swap is terminated A termination of the swap agreement may also result in the System making or receiving a termination payment

Future principal and interest payments under the Obligated Group's bonds payable agreements are

Year ending June 30	Principal Payments	Interest Payments	Total Debt Service
2015	$ 6,450,000	$ 7,587,972	$ 14,037,972
2016	6,650,000	7,388,023	14,038,023
2017	6,860,000	7,149,140	14,009,140
2018	7,075,000	6,868,914	13,943,914
2019	7,300,000	6,632,203	13,932,203
2020 – 2024	42,285,000	27,855,920	70,140,920
2025 – 2029	51,470,000	18,770,699	70,240,699
2030 – 2034	58,850,000	8,357,123	67,207,123
2035	13,040,000	214,143	13,254,143
	$ 199,980,000	$ 90,824,137	$ 290,804,137

Total interest expense for the years ended June 30, 2014 and 2013 was approximately $8,451,000 and $8,874,000, respectively Total interest paid for the years ended June 30, 2014 and 2013 was approximately $8,307,000 and $8,709,000, respectively Interest costs capitalized for the years ended June 30, 2014 and 2013 were approximately $356,000 and $319,000, respectively

The System has a line of credit of $7,500,000 with interest at 1 25% above the LIBOR daily floating rate The line of credit is unsecured The line of credit expires July 31, 2015

The System has a margin line with the trustee of their investment portfolio with interest at 0 75% above the monthly LIBOR rate The margin line is secured by the investment portfolio The maximum amount available varies depending on the value of the liquid assets in the portfolio

8 Leases

The System leases various equipment and facilities under operating leases expiring at various dates through 2027 Rent expense under these leases totaled approximately $10,539,000 and $10,717,000 for the years ended June 30, 2014 and 2013, respectively

Minimum annual lease payments for years subsequent to June 30, 2014 are as follows

Fiscal Year Ending	
2015	$ 8,637,011
2016	6,844,574
2017	6,009,655
2018	4,645,475
2019	3,230,621
2020 – 2024	10,054,161
2025 – 2027	830,840
	$ 40,252,337

9 Professional Liability Coverage

The System is involved in litigation in the ordinary course of business related to professional liability claims Management and counsel for the System believe all claims will be settled within the limits of insurance coverage The Parent has a captive insurance company for the primary layer of general and professional liability insurance The System's medical malpractice coverage is on a claims-made basis with insurance limits of $2,000,000 per occurrence and $6,000,000 in the aggregate

10 Pension Plan

Pension Plan Description

The Plan is a single-employer defined benefit pension plan, which provides for retirement, death, and disability benefits to plan participants and beneficiaries The Parent reserves the right to amend the Plan at any time Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the System fails to meet the minimum funding standards, or is unable to pay benefits when due If the Plan is terminated, the Plan assets will be distributed among the plan participants based upon a priority allocation procedure The System shall be liable for any unfunded vested benefits to the extent required by law The Plan was modified in the plan year ending December 31, 2005 to not allow new employees hired after January 1, 2005 to participate in the Plan The Plan was frozen effective March 31, 2013 The Plan issues a stand-alone financial report which can be obtained upon request from the Parent The plan year is from January 1 to December 31 and actuarial assumptions and other information is presented based on plan years ending December 31, 2013 and 2012

Funding Policy

The contributions of the System to the Plan meet the ERISA minimum funding requirements The entire cost of the Plan is borne by the System Plan members are not required to contribute to the Plan The System contributes at an actuarially determined rate The System contributed approximately $1,920,000 and $10,285,000 to the Plan for the System's fiscal years ended June 30, 2014 and 2013, respectively

	2014	2013
Actuarial value of plan assets	$ 131,751,724	$ 123,087,258
Accumulated benefit obligation for service	120,293,474	120,122,837
Funded status of the plan	$ 11,458,250	$ 2,964,421

Annual Pension Cost and Net Prepaid Pension Obligation

The System's annual pension cost and net prepaid pension obligation to the Plan for the System's fiscal years ended June 30, 2014 and 2013 were approximately

	2014	2013
Annual required contribution	$ (534,000)	$ (2,052,000)
Interest on net pension obligation	3,450,000	2,904,000
Adjustment to annual required contribution	(3,971,000)	(3,343,000)
Annual pension cost	(1,055,000)	(2,491,000)
Contributions made	1,920,000	10,285,000
Increase in net prepaid pension obligation	865,000	7,794,000
Net prepaid pension obligation beginning of year	49,279,000	41,485,000
Net prepaid pension obligation end of year	$ 50,144,000	$ 49,279,000

The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit actuarial cost method The actuarial assumptions included a 7% investment rate of return The Projected Unit Credit cost method is used to determine the actuarial value of assets as part of the funding method The unfunded actuarial accrued liability is being amortized over an open 30 year period

Other Benefits

The System also has a retirement savings plan under Section 403(b) of the Internal Revenue Code which is available to all employees of the System Employee contributions are made through payroll deductions authorized by the employee and are based upon the employee's annual compensation Up until April 7, 2013, employer matching contributions were made for eligible employee contributions 100% of the first 3% contributed Additionally, employees hired after January 1, 2005 received a non-elective contribution of 1% of the employee's annual compensation Effective April 7, 2013, the System implemented a new unified retirement program for all employees consisting of automatic annual contributions and an enhanced matching contribution Employees receive an automatic annual contribution between 1 5%-3 0% of their annual pay based on their years of service Employer matching contributions are made for eligible employee contributions at 100% for the first 3% contributed and at 25% for the next 4% contributed The System contributions to the plan expensed during the years ended June 30, 2014 and 2013 were approximately $8,395,000 and $5,874,000, respectively

11 Medical Benefit

The System is self-insured for amounts up to a specified level for health and medical benefits for its employees The estimated health and medical benefits liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims The medical programs comprising the Plan include medical, dental, vision, stop loss, and prescription drug programs The System paid approximately $22,261,000 and $22,548,000 in claims and expenses for the Plan for the years ended June 30, 2014 and 2013, respectively As of June 30, 2014 and 2013, respectively, the System had recorded a liability of approximately $5,056,000 and $4,311,000, respectively, related to claims incurred but not reported This is included in other accrued expenses on the combined balance sheet

12 Restricted Net Position

Restricted net position excluding amounts restricted for debt service, are available for the following purposes at June 30, 2014 and 2013

	2014	2013
Hospice Capital Campaign	$ 404,728	$ 253,274
Scholarship funds	3,116,781	2,834,938
Cancer Foundation	10,186	9,488
	$ 3,531,695	$ 3,097,700

13 Subsequent Events

Subsequent events have been evaluated through September 11, 2014, which is the date the combined financial statements were available to be issued

CAROMONT HEALTH, INC. AND AFFILIATES

Employees' Pension Plan Required Supplementary Information

Schedule of Funding Progress
(in $000's)

Actuarial Valuation Date	Plan Assets at Fair Value (a)	Accrued Liability (b)	(Funded Asset)/ Unfunded Liability (b) - (a)	Funded Ratio (a) (b)	Payroll (c)	Unfunded % Payroll ((b) - (a)) (c)
01 01 95	$ 26 613	$ 26 859	$ 246	99 1%	$ 51 924	0 5%
01 01 96	33 583	30 502	(3 081)	110 1%	55 886	-5 5%
01 01 97	36 985	34 846	(2 139)	106 1%	60 538	-3 5%
01 01 98	41 675	36 900	(4 775)	112 9%	63 207	-7 6%
01 01 99	45 254	40 590	(4 664)	111 5%	65 466	-7 1%
01 01 00	47 177	45 662	(1 515)	103 3%	68 890	-2 2%
01 01 01	61 151	52 123	(9 028)	117 3%	70 892	-12 7%
01 01 02	64 308	54 748	(9 560)	117 5%	79 016	-12 1%
01 01 03	61 243	61 363	120	99 8%	90 836	0 1%
01 01 04	66 089	68 268	2 179	96 8%	107 632	2 0%
01 01 05	69 634	64 422	(5 212)	108 1%	119 978	-4 3%
01 01 06	72 611	67 406	(5 205)	107 7%	119 240	-4 4%
01 01 07	77 095	72 495	(4 600)	106 3%	115 214	-4 0%
01 01 08	93 849	80 230	(13 619)	117 0%	110 532	-12 3%
01 01 09	88 764	83 151	(5 613)	106 8%	105 501	-5 3%
01 01 10	102 662	103 579	917	99 1%	100 480	0 9%
01 01 11	115 660	110 653	(5 007)	104 5%	99 521	-5 0%
01 01 12	123 087	120 123	(2 964)	102 5%	93 419	-3 2%
01 01 13	131 752	120 293	(11 459)	109 5%	87 946	-13 0%

NOTES TO THE REQUIRED SCHEDULE

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated Additional information as of the latest actuarial valuation follows

Valuation date	January 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	Rolling 30 year period
Remaining amortization period	30 years
Asset valuation method	Five-year smoothing method
Actuarial assumptions	
Investment rate of return	7 0%
Projected salary increases	N A
Cost of living adjustments	N A

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Statement of Net Position Information of Obligated Group

June 30, 2014 and 2013

Assets	2014	As Applied 2013
Current assets		
Cash and cash equivalents	$ 55,914,038	$ 30,130,320
Investments	2,000,680	-
Patient accounts receivable, net of allowance for uncollectible accounts	53,748,813	44,919,738
Other accounts receivable, net	4,690,147	5,621,473
Inventories of drugs and supplies	7,433,436	6,870,983
Prepaid expenses	9,145,373	9,382,675
Total current assets	132,932,487	96,925,189
Assets limited as to use		
Internally designated	495,886,276	443,319,266
Held by trustee	4	2
Donor restricted	10,186	9,488
Total assets limited as to use	495,896,466	443,328,756
Capital assets		
Non-depreciable capital assets	31,452,212	11,416,994
Depreciable capital assets, net of accumulated depreciation	195,327,311	202,595,287
Total capital assets, net of accumulated depreciation	226,779,523	214,012,281
Other assets		
Prepaid pension obligation	50,143,969	49,278,966
Bond insurance, net	1,871,511	2,003,607
Other long-term assets	12,726,122	8,715,766
Total other assets	64,741,602	59,998,339
Total assets	920,350,078	814,264,565
Deferred Outflows		
Interest rate swaps	23,495,262	22,897,786
Unamortized advance refunding	4,969,407	5,652,566
Total deferred outflows	28,464,669	28,550,352
Total assets and deferred outflows	$ 948,814,747	$ 842,814,917

Continued

CaroMont Health, Inc. and Affiliates

Statement of Net Position Information of Obligated Group, Continued

June 30, 2014 and 2013

Liabilities	**2014**	**As Applied 2013**
Current liabilities		
Accounts payable	$ 21,523,467	$ 13,360,517
Accrued payroll and related liabilities	21,623,848	21,001,974
Estimated third-party payor settlements	41,420,657	33,058,834
Other accrued expenses	14,489,131	17,191,669
Current installments of long-term debt	6,450,000	6,255,000
Total current liabilities	105,507,103	90,867,994
Long-term debt, excluding current installments, net	194,236,825	200,766,819
Interest rate swaps	23,495,262	22,897,786
Other long-term liabilities	8,679,289	6,555,412
Total long-term liabilities	226,411,376	230,220,017
Total liabilities	331,918,479	321,088,011
Net Position		
Net invested in capital assets	32,933,616	13,963,476
Restricted		
For debt service	4	2
For specific operating purposes	10,186	9,488
Unrestricted	583,952,462	507,753,940
Total net position	616,896,268	521,726,906
Total liabilities and net position	$ 948,814,747	$ 842,814,917

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Statement of Revenues, Expenses and Changes in Net Position

Information of Obligated Group

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately $43,308,000 in 2014 and $38,595,000 in 2013	$ 381,555,957	$ 378,750,572
Other operating revenue	11,927,552	8,218,470
Total operating revenues	393,483,509	386,969,042
Operating expenses		
Salaries and wages	143,540,037	145,632,834
Employee benefits	34,430,940	35,386,648
Fees	15,841,539	18,129,477
Supplies and drugs	76,545,911	76,663,853
Purchased services	37,723,719	35,981,356
Other	11,628,128	9,532,562
Interest expense	8,451,178	8,874,005
Depreciation and amortization	24,794,429	24,529,497
Total operating expenses	352,955,881	354,730,232
Income from operations	$ 40,527,628	$ 32,238,810

Continued

CaroMont Health, Inc. and Affiliates

Statement of Revenues, Expenses and Changes in Net Position

Information of Obligated Group, Continued

Years Ended June 30, 2014 and 2013

	2014	As Applied 2013
Income from operations	$ 40,527,628	$ 32,238,810
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	34,621,766	20,427,876
Unrealized gains on investments, net	20,251,067	18,174,948
Unrealized gains on interest rate swaps	742,884	2,774,056
Other nonoperating expenses	(437,103)	(1,789,874)
Net nonoperating revenues	55,178,614	39,587,006
Excess of revenues over expenses	95,706,242	71,825,816
Equity transfer to (from) affiliates	(536,880)	70,745
Increase in net position	$ 95,169,362	$ 71,896,561

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Combining Statement of Net Position Information

June 30, 2014

	Combined	Eliminations	CaroMont Health, Inc.
Assets			
Current assets			
Cash and cash equivalents	$ 57,270,504	$ -	$ 55,924,565
Investments	10,474,859	-	2,000,680
Patient accounts receivable, net of allowance for uncollectible accounts	62,035,754	-	-
Other accounts receivable, net	4,953,990	(199,415)	60,078
Inventories of drugs and supplies	8,151,350	-	-
Prepaid expenses	9,356,803	-	-
Total current assets	152,243,260	(199,415)	57,985,323
Assets limited as to use			
Internally designated	564,644,072	-	495,886,276
Held by trustee	4	-	-
Donor restricted	3,531,695	-	-
Total assets limited as to use	568,175,771	-	495,886,276
Capital assets			
Non-depreciable capital assets	34,322,868	-	1,690,565
Depreciable capital assets, net of accumulated depreciation	214,714,093	-	-
Total capital assets, net of accumulated depreciation	249,036,961	-	1,690,565
Other assets			
Prepaid pension obligation	50,143,969	-	-
Bond insurance, net	1,871,511	-	-
Other long-term assets	15,799,319	(550,000)	(2,494,113)
Total other assets	67,814,799	(550,000)	(2,494,113)
Total assets	1,037,270,791	(749,415)	553,068,051
Deferred Outflows			
Interest rate swaps	23,495,262	-	-
Unamortized advance refunding	4,969,407	-	-
Total deferred outflows	28,464,669	-	-
Total assets and deferred outflows	$ 1,065,735,460	$ (749,415)	$ 553,068,051

See Independent Auditors' Report

CaroMont Regional Medical Center	CaroMont Health Foundation	Combined CaroMont Health Services, Inc.	Combined CaroMont Medical Group, Inc.	Hospice of Gaston County, Inc.	CaroMont Occupational Medicine, LLC	CaroMont Insurance Services, Ltd.
$ (12.848)	$ 35.683	$ 2.321	$ 1.320.283	$ 500	$ -	$ -
-	-	-	-	-	-	8.474.179
52.885.169	-	863.644	7.258.073	937.866	91.002	-
4.578.967	8.518	51.102	449.554	4.364	579	243
7.251.508	-	181.928	710.955	-	6.959	-
9.145.373	-	-	189.293	7.602	-	14.535
73.848.169	44.201	1.098.995	9.928.158	950.332	98.540	8.488.957
-	17.760.030	-	38.398.441	12.599.325	-	-
4	-	-	-	-	-	-
10.186	3.116.781	-	-	404.728	-	-
10.190	20.876.811	-	38.398.441	13.004.053	-	-
29.761.647	-	-	2.620.218	250.438	-	-
180.922.760	-	14.404.551	10.519.425	8.301.538	565.819	-
210.684.407	-	14.404.551	13.139.643	8.551.976	565.819	-
50.143.969	-	-	-	-	-	-
1.871.511	-	-	-	-	-	-
12.655.235	-	2.565.000	3.623.197	-	-	-
64.670.715	-	2.565.000	3.623.197	-	-	-
349.213.481	20.921.012	18.068.546	65.089.439	22.506.361	664.359	8.488.957
23.495.262	-	-	-	-	-	-
4.969.407	-	-	-	-	-	-
28.464.669	-	-	-	-	-	-
$ 377.678.150	$ 20.921.012	$ 18.068.546	$ 65.089.439	$ 22.506.361	$ 664.359	$ 8.488.957

Continued

CaroMont Health, Inc. and Affiliates

Combining Statement of Net Position Information, Continued

June 30, 2014

	Combined	Eliminations	CaroMont Health, Inc.
Liabilities			
Current liabilities			
Accounts payable	$ 26,451,583	$ -	$ -
Accrued payroll and related liabilities	27,575,301	-	9,728,033
Estimated third-party payor settlements	41,420,657	-	-
Other accrued expenses	21,159,735	(199,415)	-
Current installments of long-term debt	6,450,000	-	-
Total current liabilities	123,057,276	(199,415)	9,728,033
Long-term debt, excluding current installments, net	194,236,825	-	-
Interest rate swaps	23,495,262	-	-
Other long-term liabilities	8,905,354	-	-
Total long-term liabilities	226,637,441	-	-
Total liabilities	349,694,717	(199,415)	9,728,033
Net Position			
Net invested in capital assets	55,191,054	-	1,690,565
Restricted			
For debt service	4	-	-
For specific operating purposes	3,531,695	-	-
Unrestricted	657,317,990	(550,000)	541,649,453
Total net position	716,040,743	(550,000)	543,340,018
Total liabilities and net position	$ 1,065,735,460	$ (749,415)	$ 553,068,051

See Independent Auditors' Report

CaroMont Regional Medical Center	CaroMont Health Foundation	Combined CaroMont Health Services, Inc.	Combined CaroMont Medical Group, Inc.	Hospice of Gaston County, Inc.	CaroMont Occupational Medicine, LLC	CaroMont Insurance Services, Ltd.
$ 21,194,944	$ 19,214	$ 328,523	$ 4,448,817	$ 431,836	$ 11,295	$ 16,954
11,672,500	11,024	223,315	5,580,337	345,078	15,014	-
41,420,107	-	550	-	-	-	-
14,489,131	-	-	-	-	-	6,870,019
6,450,000	-	-	-	-	-	-
95,226,682	30,238	552,388	10,029,154	776,914	26,309	6,886,973
194,236,825	-	-	-	-	-	-
23,495,262	-	-	-	-	-	-
8,679,289	-	-	-	-	-	226,065
226,411,376	-	-	-	-	-	226,065
321,638,058	30,238	552,388	10,029,154	776,914	26,309	7,113,038
16,838,500	-	14,404,551	13,139,643	8,551,976	565,819	-
4	-	-	-	-	-	-
10,186	3,116,781	-	-	404,728	-	-
39,191,402	17,773,993	3,111,607	41,920,642	12,772,743	72,231	1,375,919
56,040,092	20,890,774	17,516,158	55,060,285	21,729,447	638,050	1,375,919
$ 377,678,150	$ 20,921,012	$ 18,068,546	$ 65,089,439	$ 22,506,361	$ 664,359	$ 8,488,957

CaroMont Health, Inc. and Affiliates

Combining Statement of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2014

	Combined	Eliminations	CaroMont Health, Inc.
Operating revenues			
Gross patient service revenue			
Routine services	$ 155,522,934	$ -	$ -
Special services	460,792,201	-	-
Outpatient services	837,740,887	(231,751)	-
	1,454,056,022	(231,751)	-
Less deductions from revenue			
Contractual adjustments	879,207,910	-	-
Charity care	47,070,013	-	-
Provision for bad debts	47,587,346	-	-
	973,865,269	-	-
Net patient service revenue	480,190,753	(231,751)	-
Other operating revenue (expense)	15,467,837	(3,431,703)	(371,487)
Total operating revenue (expense)	495,658,590	(3,663,454)	(371,487)
Operating expenses			
Salaries and wages	216,689,341	(106,400)	1,689,017
Employee benefits	47,425,424	(4,607)	168,332
Fees	19,780,251	(470,723)	(1,857,348)
Supplies and drugs	88,184,759	(24,751)	-
Purchased services	47,944,930	(279,797)	-
Other	14,872,364	(2,826,291)	-
Interest expense	8,451,178	-	-
Depreciation and amortization	26,784,302	-	-
Total operating expenses	470,132,549	(3,712,569)	1
Income (loss) from operations	25,526,041	49,115	(371,488)
Nonoperating revenues (expenses)			
Realized gains (losses) on investments, interest and dividends, net	39,827,794	-	36,295,398
Unrealized gains (losses) on investments, net	25,011,729	-	20,250,505
Unrealized gains on interest rate swaps	742,884	-	742,884
Other nonoperating revenues (expenses)	(999,139)	(49,115)	(286,479)
Net nonoperating revenues (expenses)	64,583,268	(49,115)	57,002,308
Excess of revenues over (under) expenses before capital grants, contributions, and other	90,109,309	-	56,630,820
Capital grants, contributions and other	151,454	-	-
Excess of revenues over (under) expenses	90,260,763	-	56,630,820
Equity transfer from (to) affiliates	-	-	24,944,347
Increase (decrease) in net position	$ 90,260,763	$ -	$ 81,575,167

See Independent Auditors' Report

CaroMont Regional Medical Center	CaroMont Health Foundation	Combined CaroMont Health Services, Inc.	Combined CaroMont Medical Group, Inc.	Hospice of Gaston County, Inc.	CaroMont Occupational Medicine, LLC	CaroMont Insurance Services, Ltd.
$ 143,625,417	$ -	$ 9,907,329	$ -	$ 1,990,188	$ -	$ -
456,641,557	-	4,150,644	-	-	-	-
626,689,203	-	24,690,793	177,096,499	8,743,570	752,573	-
1,226,956,177	-	38,748,766	177,096,499	10,733,758	752,573	-
771,513,593	-	25,653,347	81,550,305	466,269	24,396	-
43,610,729	-	63,520	3,084,946	310,818	-	-
43,014,968	-	292,829	4,185,609	82,781	11,159	-
858,139,290	-	26,009,696	88,820,860	859,868	35,555	-
368,816,887	-	12,739,070	88,275,639	9,873,890	717,018	-
12,231,292	1,305	67,747	3,031,284	808,437	1,108	3,129,854
381,048,179	1,305	12,806,817	91,306,923	10,682,327	718,126	3,129,854
136,853,947	106,400	4,997,073	67,703,165	5,098,244	347,895	-
32,780,334	4,607	1,482,274	11,539,634	1,368,075	86,775	-
17,213,245	44,758	485,642	4,093,522	88,834	105,864	76,457
73,621,573	609	2,924,338	10,809,325	804,890	48,775	-
36,572,657	31,093	1,151,062	9,285,960	1,050,971	77,423	55,561
11,444,930	35,406	183,198	2,446,811	1,315,340	25,607	2,247,363
8,451,178	-	-	-	-	-	-
23,620,796	-	1,173,633	1,586,758	377,810	25,305	-
340,558,660	222,873	12,397,220	107,465,175	10,104,164	717,644	2,379,381
40,489,519	(221,568)	409,597	(16,158,252)	578,163	482	750,473
(1,673,632)	1,193,564	-	3,768,787	234,608	-	9,069
562	1,451,733	-	3,044,697	264,232	-	-
-	-	-	-	-	-	-
(150,624)	(376,467)	-	(136,458)	-	4	-
(1,823,694)	2,268,830	-	6,677,026	498,840	4	9,069
38,665,825	2,047,262	409,597	(9,481,226)	1,077,003	486	759,542
-	-	-	-	151,454	-	-
38,665,825	2,047,262	409,597	(9,481,226)	1,228,457	486	759,542
(25,666,562)	-	185,335	-	-	536,880	-
$ 12,999,263	$ 2,047,262	$ 594,932	$ (9,481,226)	$ 1,228,457	$ 537,366	$ 759,542

CaroMont Health, Inc. and Affiliates

Combining Statement of Net Position Information - CaroMont Health Services, Inc.

June 30, 2014

	Combined	CaroMont Health Services, Inc.	CaroMont Specialty Surgery	Courtland Terrace	Belmont Endoscopy
Assets					
Current assets					
Cash and cash equivalents	$ 2,321	$ -	$ -	$ 2,321	$ -
Patient accounts receivable, net of allowance for uncollectible accounts	863,644	-	-	863,644	-
Other accounts receivable, net	51,102	-	35,210	15,411	481
Inventories of drugs and supplies	181,928	-	173,478	8,450	-
Total current assets	1,098,995	-	208,688	889,826	481
Capital assets					
Depreciable capital assets, net of accumulated depreciation	14,404,551	-	6,472,170	5,095,283	2,837,098
Other assets					
Other long-term assets	2,565,000	2,565,000	-	-	-
Total assets	$ 18,068,546	$ 2,565,000	$ 6,680,858	$ 5,985,109	$ 2,837,579
Liabilities					
Current liabilities					
Accounts payable	$ 328,523	$ -	$ 203,089	$ 125,828	$ (394)
Accrued payroll and related liabilities	223,315	-	55,009	168,306	-
Estimated third-party payor settlements	550	-	-	550	-
Total current liabilities	552,388	-	258,098	294,684	(394)
Net Position					
Net invested in capital assets	14,404,551	-	6,472,170	5,095,283	2,837,098
Unrestricted	3,111,607	2,565,000	(49,410)	595,142	875
Total net position	17,516,158	2,565,000	6,422,760	5,690,425	2,837,973
Total liabilities and net position	$ 18,068,546	$ 2,565,000	$ 6,680,858	$ 5,985,109	$ 2,837,579

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Combining Statement of Revenues, Expenses and Changes in Net Position Information - CaroMont Health Services, Inc.

Year Ended June 30, 2014

	Combined	CaroMont Health Services, Inc.	CaroMont Specialty Surgery	Courtland Terrace	Belmont Endoscopy
Operating revenues					
Gross patient service revenue					
Routine services	$ 9,907,329	$ -	$ -	$ 9,907,329	$ -
Special services	4,150,644	-	-	4,150,644	-
Outpatient services	24,690,793	-	23,708,249	-	982,544
	38,748,766	-	23,708,249	14,057,973	982,544
Less deductions from revenue					
Contractual adjustments	25,653,347	-	18,521,323	6,462,048	669,976
Charity care	63,520	-	47,660	15,141	719
Provision for bad debts	292,829	-	181,276	94,625	16,928
	26,009,696	-	18,750,259	6,571,814	687,623
Net patient service revenue	12,739,070	-	4,957,990	7,486,159	294,921
Other operating revenue	67,747	63,799	879	3,055	14
Total operating revenues	12,806,817	63,799	4,958,869	7,489,214	294,935
Operating expenses					
Salaries and wages	4,997,073	-	914,387	4,039,058	43,628
Employee benefits	1,482,274	-	262,959	1,218,907	408
Fees	485,642	-	68,680	409,303	7,659
Supplies and drugs	2,924,338	-	2,122,178	792,331	9,829
Purchased services	1,151,062	-	354,463	616,189	180,410
Other	183,198	10,460	41,651	129,272	1,815
Depreciation and amortization	1,173,633	-	552,777	367,357	253,499
Total operating expenses	12,397,220	10,460	4,317,095	7,572,417	497,248
Income (loss) from operations	409,597	53,339	641,774	(83,203)	(202,313)
Equity transfer from (to) affiliates	185,335	(53,339)	(1,176,863)	1,464,526	(48,989)
Increase (decrease) in net position	$ 594,932	$ -	$ (535,089)	$ 1,381,323	$ (251,302)

See Independent Auditors' Report