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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
REX HOSPITAL INC DBA REX HEALTHCARE

Doing Business As
REX HEALTHCARE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
4420 LAKE BOONE TRAIL

City or town, state or province, country, and ZIP or foreign postal code
RALEIGH, NC 27607

D Employer identification number
56-1509260

E Telephone number
(919) 784-3100

G Gross receipts $ 747,392,802

F Name and address of principal officer
DAVID STRONG
4420 LAKE BOONE TRAIL
RALEIGH, NC 27607

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 REXHEALTH COM

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

L Year of formation 1986

M State of legal domicile NC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE THE BEST IN HEALTH SERVICES BY COMBINING COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	3	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	6,298
6	Total number of volunteers (estimate if necessary)	6	1,397
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	12,237,149
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-58,741

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	975,759	1,196,306
9	Program service revenue (Part VIII, line 2g)	687,457,216	713,789,381
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,242,463	7,734,910
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	380,143	1,727,880
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	701,055,581	724,448,477
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,602,202	727,896
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)	348,242,512	374,843,709
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)	343,955,728	322,952,877
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	693,800,442	698,524,482
19	Revenue less expenses Subtract line 18 from line 12	7,255,139	25,923,995

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	707,307,283	754,621,461
21	Total liabilities (Part X, line 26)	231,549,288	294,541,771
22	Net assets or fund balances Subtract line 21 from line 20	475,757,995	460,079,690

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

****** | 2015-05-14
Signature of officer | Date

BERNADETTE SPONG 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
JOHN NORMAN				P01506766

Firm's name ▶ CLIFTONLARSONALLEN LLP | Firm's EIN ▶ 41-0746749

Firm's address ▶ 101 N TRYON STREET SUITE 1000
CHARLOTTE, NC 28246 | Phone no (704) 998-5200

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

SEE SCHEDULE OREX HEALTHCARE PROVIDES THE BEST IN HEALTH SERVICES BY COMBINING COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY REX PROVIDES SERVICES AT FACILITIES ACROSS WAKE COUNTY TO ALL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY REX ALSO SEEKS TO IMPROVE THE HEALTH OF THE COMMUNITY BY PROVIDING EDUCATION, DIAGNOSTIC AND PREVENTATIVE CARE, OFTEN BY JOINING FORCES WITH OTHER COMMUNITY GROUPS IN ADDITION TO ITS MAIN RALEIGH CAMPUS, REX OFFERS MUCH-NEEDED CARE AND SUPPORT AT CAMPUSES IN APEX, CARY, GARNER, HOLLY SPRINGS, KNIGHTDALE, DOWNTOWN RALEIGH AND WAKEFIELD

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 $ 46,912,018 including grants of $) (Revenue $ 75,333,442)

CARDIOLOGY SERVICES REX PERFORMS MORE THAN 28,000 HEART AND VASCULAR PROCEDURES A YEAR, INCLUDING CORONARY ARTERY BYPASS GRAFTING, ECHOCARDIOGRAPHY, PERIPHERAL VASCULAR ULTRASOUND, VALVE REPLACEMENT AND REPAIR, ANGIOPLASTY, CARDIAC CATHETERIZATION, ELECTROPHYSIOLOGY PROCEDURES AND STENT PLACEMENT, REGARDLESS OF PATIENTS' ABILITY TO PAY REX HAS BEEN A CHEST PAIN ACCREDITED HOSPITAL FOR MORE THAN A DECADE, REINFORCING THE ORGANIZATION'S DEDICATION TO COMMUNITY OUTREACH AND INNOVATION IN THE CARE OF CHEST PAIN PATIENTS THE SERVICE LINE ALSO INCLUDES OPEN HEART SURGICAL SUITES WHERE PHYSICIANS PERFORM PROCEDURES SUCH AS CORONARY ARTERY BYPASS GRAFTING, MITRAL VALVE REPLACEMENT AND REPAIR, AND AORTIC VALVE AND AORTIC ARCH REPLACEMENTS REX ALSO PROVIDES A FULL RANGE OF INVASIVE CATHETER BASED CARDIAC, VASCULAR AND ELECTROPHYSIOLOGY PROCEDURES RECOVERY FACILITIES INCLUDE A DEDICATED EIGHT-BED CARDIO-THORACIC INTENSIVE CARE UNIT, WHICH PROVIDES INTENSIVE CARE TO OPEN-HEART SURGICAL PATIENTS, AND 91 INTERMEDIATE CARE UNIT BEDS, WHICH PROVIDE CONTINUOUS MONITORING OF HEART RHYTHMS USING A TELEMETRY SYSTEM NON-SURGICAL HEART PATIENTS REQUIRING INTENSIVE CARE ARE TREATED IN A 12-BED CARDIAC INTENSIVE CARE UNIT THE EXISTING HEART AND VASCULAR SERVICES AND CARE ARE PROVIDED AT MORE THAN SEVEN LOCATIONS ACROSS THE MAIN HOSPITAL IN RALEIGH THOSE SERVICES AND MORE WILL BE CONSOLIDATED INTO A MODERN, MORE EFFICIENT AND MORE CONVENIENT FACILITY WITH THE ADDITION OF THE NORTH CAROLINA HEART AND VASCULAR HOSPITAL CURRENTLY UNDER CONSTRUCTION ON REX'S MAIN RALEIGH CAMPUS, PROVIDING EASIER AND MORE COMFORTABLE ACCESS FOR PATIENTS AND THEIR FAMILIES, PHYSICIANS AND STAFF

4b (Code) (Expenses $ 43,180,159 including grants of $) (Revenue $ 84,336,772)

GENERAL SURGERY REX SURGERY CENTERS IN RALEIGH, CARY AND WAKEFIELD ARE USED BY MORE THAN 425 PHYSICIANS AND PROVIDE IN- AND OUTPATIENT SERVICES TO 40,000 PATIENTS A YEAR THE THREE LOCATIONS HAVE IMPROVED ACCESS TO SPECIALIZED CARE FOR PATIENTS ACROSS THE REGION SURGEONS MAKE SUBSTANTIAL USE OF MINIMALLY INVASIVE TECHNOLOGY FOR DIAGNOSIS AND TREATMENT, REDUCING PATIENTS RECOVERY TIME AND HOSPITAL STAY FOR EXAMPLE, REX HAS THREE DAVINCI SURGICAL ROBOTS USED FOR UROLOGY, GYNECOLOGY AND GENERAL SURGERIES THE CENTERS INCLUDE 34 OPERATING SUITES, EIGHT MINOR PROCEDURE ROOMS, AND VARIOUS PERIOPERATIVE AND ANCILLARY SUPPORT SPACES REX IS INCREASINGLY PERFORMING SURGERIES ON AN OUTPATIENT BASIS, AND CONTINUING TO LOOK FOR OTHER WAYS TO REDUCE OVERALL COSTS FOR PATIENTS SOME OF THE TOP PROCEDURES INCLUDE GENERAL SURGERY, HERNIA REPAIR, GALLBLADDER REMOVAL AND BARIATRIC AND BREAST SURGERIES SOME OUTPATIENT ORTHOPAEDIC PROCEDURES ARE PERFORMED AT RALEIGH ORTHOPAEDIC SURGERY CENTER, REX'S JOINT VENTURE WITH RALEIGH ORTHOPAEDIC CLINIC LOCATED ABOUT A MILE FROM REX'S MAIN RALEIGH CAMPUS

4c (Code) (Expenses $ 36,621,722 including grants of $) (Revenue $ 59,522,637)

ONCOLOGY REX PROVIDES A FULL RANGE OF SPECIALIZED, MULTI-DISCIPLINARY ONCOLOGY THERAPY AND SUPPORT SERVICES TO PATIENTS IN WAKE COUNTY AND BEYOND DURING FISCAL YEAR 2014, REX CANCER CENTER PROVIDED 25,422 RADIATION ONCOLOGY TREATMENTS, 13,190 CHEMOTHERAPY TREATMENTS AND 21,231 HEMATOLOGY ONCOLOGY TREATMENTS AT FOUR LOCATIONS IN WAKE COUNTY IN ADDITION TO CANCER TREATMENTS AND THERAPIES, THE CENTERS PROVIDE OUTREACH AND SUPPORT SERVICES, NUTRITIONAL SERVICES, NURSE NAVIGATION OF CARE, REHABILITATION SERVICES AND SURVIVORSHIP OR END OF LIFE CARE REX CANCER CENTER ALSO PROVIDES SURGICAL SERVICES TO CANCER PATIENTS THROUGH ACCESS TO REX HOSPITAL REX CANCER CENTER WORKS CLOSELY WITH THE NATIONALLY RECOGNIZED N C CANCER HOSPITAL AND THE UNC LINEBERGER COMPREHENSIVE CANCER CENTER IN CHAPEL HILL TO EXTEND SPECIALTY SERVICES AND CLINICAL TRIALS TO PATIENTS IN RALEIGH SINCE 2008, REX HAS PARTNERED WITH JOHNSTON HEALTH SERVICES CORPORATION TO PROVIDE CRITICAL CARE AND SERVICES CLOSER TO HOME AT RADIATION ONCOLOGY CLINICS IN SMITHFIELD AND CLAYTON DURING 2014, REX HEMATOLOGY ONCOLOGY ASSOCIATES OPENED NEW LOCATIONS IN CARY AND RALEIGH, OFFERING CONVENIENT OUTPATIENT SERVICES AND TREATMENT

(Code) (Expenses $ 512,708,129 including grants of $ 727,896) (Revenue $ 452,892,376)

REX PROVIDES A FULL RANGE OF ORTHOPAEDIC TREATMENT, SURGERY AND REHABILITATION AT ITS SURGERY CENTERS IN RALEIGH, CARY AND WAKEFIELD IN ADDITION, RALEIGH ORTHOPAEDIC SURGERY CENTER OPENED IN MARCH 2013 THE 27,700 SQUARE-FOOT SURGERY CENTER IS A JOINT VENTURE BETWEEN REX AND RALEIGH ORTHOPAEDIC CLINIC THE OUTPATIENT FACILITY IS LOCATED ON EDWARDS MILL ROAD, LESS THAN A MILE FROM THE MAIN CAMPUS OF REX HOSPITAL AND OFFERS A WIDE RANGE OF ORTHOPEDIC CARE AND SERVICES INVOLVING KNEES, FEET, SHOULDERS, HIPS, WRISTS AND MORE, IN A CONVENIENT OUTPATIENT SETTING AT REX'S WOMEN'S CENTER, CAREGIVERS SEEK TO PROVIDE FAMILY-CENTERED CARE TO THE NEW MOTHER, BABY AND EXTENDED FAMILY DURING FISCAL YEAR 2014, 5,658 BABIES WERE BORN IN THE REX WOMEN'S CENTER THESE BIRTHS ARE SUPPORTED BY 24/7 ANESTHESIOLOGY AND NEONATOLOGY SERVICES, HIGH RISK OBSTETRICS PROVIDED BY UNC MATERNAL FETAL MEDICINE, LACTATION SUPPORT SERVICES PROVIDED BY A TEAM OF CERTIFIED LACTATION CONSULTANTS AND AN IN-HOUSE RETAIL CENTER FOR INFANT NUTRITION REX ALSO OFFERS A WIDE VARIETY OF PRE- AND POST-NATAL CLASSES, SCREENING FOR POSTPARTUM DEPRESSION AND PSYCHOLOGICAL SERVICES THERE ARE THREE OPERATING SUITES FOR CESAREAN BIRTHS AND REX'S SPECIAL CARE NURSERY OFFERS 15 LEVEL III NEONATAL BEDS THE REX WOMEN'S CENTER INCLUDES 98 PRIVATE ROOMS IN WHICH LABOR, DELIVERY, RECOVERY, AND POSTPARTUM CARE OF THE MOTHER AND CHILD NORMALLY OCCUR

4d Other program services (Describe in Schedule O)

(Expenses $ 512,708,129 including grants of $ 727,896) (Revenue $ 452,892,376)

4e **Total program service expenses** ▶ 639,422,028

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	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		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**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
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**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	309		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	6,298		
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**	13		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

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

▶BERNADETTE SPONG CFO 4420 LAKE BOONE TRAIL
RALEIGH, NC 27607 (919) 784-3100

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			

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								8,956,760	2,249,848	1,739,074

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 ▶ 19

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
WHR DESIGN PC 1111 LOUISIANA 26TH FLOOR HOUSTON TX 77002	ARCHITECTURAL DESIGN	4,629,943
SKANSKA USA BUILDING INC 4309 EMPEROR BLVD STE 200 DURHAM NC 27703	CONSTRUCTION	2,855,981
THE OUTSOURCE GROUP 39867 TREASURY CENTER CHICAGO IL 60694	COLLECTIONS	2,423,490
MSA MARKETING 5591 CAPITAL CENTER DR STE 105 RALEIGH NC 27606	ADVERTISING & MARKETING	2,135,666
QUALITY TEXTILE SERVICES INC 313 S ROGERS LANE RALEIGH NC 27610	LINEN SERVICES	1,506,657

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 ▶ 63

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	1,196,306			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,196,306			
Program Service Revenue			Business Code				
	2a	GENERAL SURGERY	625100	84,336,772	84,336,772		
	b	CARDIOLOGY	625100	75,333,442	75,333,442		
	c	ORTHOPEDICS	625100	63,122,740	63,122,740		
	d	ONCOLOGY	625100	59,522,637	59,522,637		
	e	WOMEN'S & CHILDREN	625100	59,050,576	59,050,576		
	f	All other program service revenue		372,423,214	355,310,732	12,237,149	4,875,333
	g	**Total.** Add lines 2a–2f . . . . . ▶		713,789,381			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		3,488,760			3,488,760
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	1,126,043				
	b	Less rental expenses	225,209				
	c	Rental income or (loss)	900,834				
	d	Net rental income or (loss) . . . . . ▶		900,834			900,834
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	26,965,266				
	b	Less cost or other basis and sales expenses	22,719,116				
	c	Gain or (loss)	4,246,150				
	d	Net gain or (loss) . . . . . ▶		4,246,150			4,246,150
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					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue		827,046			827,046
	e	**Total.** Add lines 11a–11d . . . . . ▶		827,046			
	12	**Total revenue.** See Instructions . . . . . ▶		724,448,477	696,676,899	12,237,149	14,338,123

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	727,896	727,896		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
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	5,505,178		5,505,178	
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	299,086,285	271,113,121	27,973,164	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	20,893,024	19,863,032	1,029,992	
9 Other employee benefits	28,769,565	25,542,182	3,227,383	
10 Payroll taxes	20,589,657	18,118,898	2,470,759	
11 Fees for services (non-employees)				
a Management				
b Legal	655,190		655,190	
c Accounting	132,428		132,428	
d Lobbying	37,579	37,579		
e Professional fundraising services See Part IV, line 17				
f Investment management fees	952,603		952,603	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	71,724,859	65,269,622	6,455,237	
12 Advertising and promotion	7,133,265	6,491,271	641,994	
13 Office expenses	7,706,308	7,012,740	693,568	
14 Information technology	15,896,224	14,465,564	1,430,660	
15 Royalties				
16 Occupancy	22,372,909	20,359,347	2,013,562	
17 Travel	1,344,162	1,223,187	120,975	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	443,544	403,625	39,919	
20 Interest	5,005,194	4,554,727	450,467	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	30,594,131	27,840,659	2,753,472	
23 Insurance	6,319,457	5,750,706	568,751	
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 PATIENT SUPPLIES & SERV	130,555,567	130,555,567		
b REPAIRS AND MAINTENANCE	13,392,828	12,187,473	1,205,355	
c MINOR EQUIPMENT	1,655,076	1,506,119	148,957	
d				
e All other expenses	7,031,553	6,398,713	632,840	
25 **Total functional expenses.** Add lines 1 through 24e	698,524,482	639,422,028	59,102,454	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		18,160,406	1	27,371,047
	2	Savings and temporary cash investments		48,053,150	2	28,438,622
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		79,254,361	4	96,850,062
	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		152,348	7	
	8	Inventories for sale or use		11,249,476	8	13,398,423
	9	Prepaid expenses and deferred charges		4,531,455	9	5,068,277
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 696,753,601			
	b	Less accumulated depreciation	10b 434,988,912	253,215,132	10c	261,764,689
	11	Investments—publicly traded securities		195,088,183	11	287,047,851
	12	Investments—other securities See Part IV, line 11		50,844,894	12	10,573,766
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		46,757,878	15	24,108,724
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		707,307,283	16	754,621,461
Liabilities	17	Accounts payable and accrued expenses		103,509,812	17	138,257,660
	18	Grants payable			18	
	19	Deferred revenue		686,721	19	779,002
	20	Tax-exempt bond liabilities		119,988,994	20	113,639,855
	21	Escrow or custodial account liability Complete Part IV of Schedule D		10,719	21	13,033
	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		7,353,042	25	41,852,221
	26	**Total liabilities.** Add lines 17 through 25		231,549,288	26	294,541,771
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		474,746,039	27	435,989,009
	28	Temporarily restricted net assets		1,011,956	28	24,090,681
	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		475,757,995	33	460,079,690
	34	Total liabilities and net assets/fund balances		707,307,283	34	754,621,461

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	724,448,477
2	Total expenses (must equal Part IX, column (A), line 25)	2	698,524,482
3	Revenue less expenses Subtract line 2 from line 1	3	25,923,995
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	475,757,995
5	Net unrealized gains (losses) on investments	5	32,177,076
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	-73,779,376
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	460,079,690

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		

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
A DALE JENKINS DIRECTOR	4 00 1 00	X						0	0	0
VINCENT L HOELLERICH MD DIRECTOR	1 00 1 00	X						0	0	0
DARLEEN M JOHNS DIRECTOR (LEFT 12/31/13)	1 00 1 00	X						0	0	0
GARY L PARK DIRECTOR	4 00 56 00	X						0	815,602	289,529
ORAGE QUARLES III DIRECTOR (LEFT 12/31/13)	1 00 1 00	X						0	0	0
WILLIAM L ROPER MD DIRECTOR	4 00 56 00	X						0	782,626	157,492
MARK A STRIEBEL DIRECTOR (LEFT 12/31/13)	1 00 1 00	X						0	0	0
ROBERT S THOMAS DIRECTOR	1 00 1 00	X						0	0	0
DAVID W STRONG DIRECTOR AND PRESIDENT	59 00 1 00	X		X				1,034,493	0	275,234
TERESA C ARTIS DIRECTOR	1 00 1 00	X						0	0	0
C HOWARD NYE DIRECTOR	1 00 1 00	X						0	0	0
STEVEN C LILLY DIRECTOR	1 00 1 00	X						0	0	0
RIG S PATEL MD DIRECTOR	1 00 1 00	X						0	0	0
CATHARINE B ARROWOOD DIRECTOR (AS OF 1/21/2014)	1 00 1 00	X						0	0	0
COURTNEY A CROWDER DIRECTOR (AS OF 11/18/2013)	1 00 1 00	X						0	0	0
MARSCHALL S RUNGE MD DIRECTOR (AS OF 11/18/2013)	1 00 1 00	X						0	0	0
BERNADETTE M SPONG SVP/FINANCE AND CFO, TREAS & SEC	59 00 1 00			X				433,382	0	50,020
MARY LOU POWELL LEFT 382014 SVP/PATIENT CARE SVCS & CNO	59 00 1 00			X				362,037	0	75,424
STEPHEN W BURRISS COO	59 00 1 00			X				395,315	0	40,332
LINDA H BUTLER MD VP/MEDICAL AFFAIRS & CMO & CMIO	59 00 1 00			X				300,691	0	32,484
DONALD ESPOSITO JR VP/GENERAL COUNSEL	59 00 1 00			X				329,525	0	37,193
SYLVIA D HACKETT VP/HUMAN RESOURCES & FOUNDATION	59 00 1 00			X				286,939	0	61,374
R ERICK HAWKINS VP/HEART & VASCULAR SERVIC	59 00 1 00			X				309,716	0	33,423
CHAD T LEFTERIS VP/OPERATIONS	59 00 1 00			X				234,382	0	22,737
LISA SCHILLER VP/COMMUNICATIONS & MARKETING	59 00 1 00			X				219,683	0	37,799

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JAYNE R BYRD VP/SURGICAL SERVICES	59 00 1 00			X				234,989	0	163,887
MICHELLE L GRAY VP/REGIONAL CIO	59 00 1 00			X				283,118	0	37,745
ROBERT D RICKER VP/PHYSICIAN RELATIONS	59 00 1 00			X				245,243	0	85,291
TAMMIE T STANTON VP/POST ACUTE SERVICES	59 00 1 00			X				0	278,468	42,160
TOM G WILLIAMS VP/AMBULATORY SERVICES	59 00 1 00			X				220,416	0	48,318
JOHN D STORMENT ASST TREASURER & ASST SE	59 00 1 00			X				0	208,126	36,331
JOEL RAY AS OF 2214 VP/PATIENT CARE SVCS & CNO	59 00 1 00			X				0	165,026	24,290
JEFFREY CRANE MD ONCOLOGY	60 00 0 00					X		692,929	0	73,270
ROBERT WEHBIE MD ONCOLOGY	60 00 0 00					X		710,829	0	46,356
LANCE LANDVATER MD CARDIOVASCULAR SURGEON	60 00 0 00					X		1,141,034	0	26,443
O ROBERT MENDES MD VASCULAR SURGEON	60 00 0 00					X		699,331	0	21,341
ROBERT PEYTON MD CARDIOVASCULAR SURGEON	60 00 0 00					X		822,708	0	20,601

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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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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
REX HOSPITAL INC DBA REX HEALTHCARE	56-1509260

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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
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?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		37,579
j	Total Add lines 1c through 1i			37,579
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	REX HEALTHCARE BELIEVES IN MAINTAINING STRONG, OPEN AND EFFECTIVE RELATIONSHIPS WITH ELECTED OFFICIALS AND POLICY MAKERS AT THE LOCAL, STATE AND NATIONAL LEVELS THE OBJECTIVE IS TO EDUCATE THESE GROUPS ON HEALTHCARE ISSUES, TO SERVE AS A RESOURCE, AND TO COMMUNICATE REX'S POSITION IN SUPPORT OF ITS MISSION AS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION AND NCHA, A PERCENTAGE OF REX'S MEMBERSHIP DUES ARE ATTRIBUTED TO LOBBYING ACTIVITIES

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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		25,788,331		25,788,331
b Buildings		175,260,636	97,779,897	77,480,739
c Leasehold improvements		19,200,178	5,817,342	13,382,836
d Equipment		346,577,197	277,448,232	69,128,965
e Other		129,927,259	53,943,441	75,983,818
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				261,764,689

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
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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	
CAPITAL LEASE	1,946,732
CONTRACT COMMITMENT	887,699
PAYABLE TO RELATED PARY	39,017,790
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	41,852,221

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART IV, LINE 2B	THE ORGANIZATION HOLDS CASH IN TRUST FOR THE RESIDENTS OF THE NURSING HOME FACILITIES
PART X, LINE 2	THE FOLLOWING FOOTNOTE COMES FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF REX HOSPITAL, INC D/B/A REX HEALTHCARE THE FOOTNOTE REFERENCES OTHER MEMBERS OF THE AUDIT CONSOLIDATED GROUP THAT ARE NOT PART OF THIS TAX RETURN REX, THE HOSPITAL, THE FOUNDATION, AND HOME SERVICES ARE EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ENTERPRISES IS A TAXABLE CORPORATION THAT PREVIOUSLY HAD NET OPERATING LOSS CARRYFORWARDS WHICH EXPIRED IN 2012 PHYSICIANS IS A SINGLE MEMBER LIMITED LIABILITY COMPANY THAT HAS ELECTED TO BE TAXED AS A FOR-PROFIT CORPORATION PHYSICIANS HAD A NET OPERATING LOSS IN 2013 AND 2012 THE HOSPITAL IS THE SOLE MEMBER OF ROV AND RSCW, AND ENTERPRISES IS THE SOLE MEMBER OF RWE, AND RWE IS THE SOLE MEMBER OF WELLNESS, MOB AND RHVLLC AS SUCH, THESE ENTITIES ARE CONSIDERED DISREGARDED ENTITIES FOR TAX PURPOSES

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134071875

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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 25000 0000000000 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b		No
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			28,955,900		28,955,900	4 150 %
b Medicaid (from Worksheet 3, column a)			34,763,306	32,248,607	2,514,699	0 360 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			63,719,206	32,248,607	31,470,599	4 510 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			522		522	0 %
f Health professions education (from Worksheet 5)			1,656,657		1,656,657	0 240 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			379,335		379,335	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			682,978		682,978	0 100 %
j **Total.** Other Benefits			2,719,492		2,719,492	0 390 %
k **Total.** Add lines 7d and 7j			66,438,698	32,248,607	34,190,091	4 900 %

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

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

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

Section A. Bad Debt Expense

			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 9,611,179			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	250,071,462
6	Enter Medicare allowable costs of care relating to payments on line 5	6	338,368,457
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-88,296,995
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	1 REX SURGERY CENTER OF CARY LLC	AMBULATORY SURGICAL CENTER	55 000 %	0 %	45 000 %
2	2 ORTHOPAEDIC SURGERY CENTER OF RALEIGH LLC	SURGERY CENTER	51 000 %	0 %	49 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group REX HOSPITAL INC

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url)			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**		No
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**		No
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**	Yes	
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? **12**

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

Part VI Supplemental Information

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 III, LINE 2	THE COSTING METHODOLOGY USED TO DETERMINE PAYOR COSTS IS THE ANDI METHODOLOGY, WHICH USES A FACILITY-WIDE RATIO OF COST TO CHARGES AS DESCRIBED IN THE NCHA COMMUNITY BENEFITS GUIDELINES WHILE THE COSTS OF BAD DEBTS ARE PRESENT FOR ESSENTIALLY EVERY BUSINESS ORGANIZATION, FEW OTHER THAN HOSPITALS ARE EXPECTED TO CONTINUE TO PROVIDE SERVICES TO THOSE WITH MEANS WHO HAVE PREVIOUSLY FAILED TO PAY CONTINUATION OF SERVICE TO PATIENTS WITH THE MEANS TO PAY BUT WHO HAVE FAILED TO DO SO IS A FURTHER COMMUNITY BENEFIT RELATED TO THE ORGANIZATION'S MISSION THEREFORE, WE BELIEVE THAT THE COST OF BAD DEBTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT

Form and Line Reference	Explanation
PART III, LINE 4	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 ADJUSTMENTS DUE TO FUTURE AUDITS, REVIEWS AND INVESTIGATIONS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED, AND SUCH AMOUNTS ARE ADJUSTED IN FUTURE PERIODS AS ADJUSTMENTS BECOME KNOWN OR AS YEARS ARE NO LONGER SUBJECT TO SUCH AUDITS, REVIEWS, AND INVESTIGATIONS

Form and Line Reference	Explanation
PART III, LINE 8	HOSPITALS TREAT PATIENTS COVERED BY MEDICARE, JUST AS THEY DO ANY PATIENT AMOUNTS THAT HOSPITALS ARE ELIGIBLE TO RECEIVE IN PAYMENT FOR SERVICES PROVIDED TO PATIENTS COVERED BY MEDICARE ARE NOT NEGOTIABLE AS MEDICARE REIMBURSEMENT RATES DECLINE RELATIVE TO THE COSTS OF PROVIDING CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION WITHOUT THE SERVICES PROVIDED BY HOSPITALS, THE GOVERNMENT WOULD BECOME OBLIGATED FOR THE SERVICES REQUIRED BY THESE PATIENTS THEREFORE, WE BELIEVE THAT ANY UNREIMBURSED COSTS OF PROVIDING THIS CARE ARE A BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT

Form and Line Reference	Explanation
PART III, LINE 9B	PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE ARE APPROVED FOR 100% ADJUSTMENT OF ELIGIBLE CHARGES MINUS A COPAYMENT COPAYMENTS ACCRUE AND ARE NOT ELIGIBLE FOR COLLECTIONS PROCESSES

Form and Line Reference	Explanation
PART VI, LINE 2	AS THE COUNTY CONTINUES TO GROW, NECESSARY STEPS MUST BE TAKEN TO ENSURE THAT THE NEEDS OF ALL OF OUR CITIZENS ARE BEING MONITORED AND EVALUATED WAKE COUNTY HUMAN SERVICES WORKS WITH ALL LOCAL HOSPITALS, INCLUDING REX, TO CONDUCT A COMMUNITY-WIDE HEALTH ASSESSMENT THIS ASSESSMENT, CONDUCTED EVERY FOUR YEARS, IDENTIFIES OPPORTUNITIES AND CHALLENGES IN THE MARKET REX COLLABORATES WITH COMMUNITY PARTNERS REGULARLY TO ENSURE OUR EFFORTS ARE PROPERLY ALIGNED BASED ON WAKE COUNTY'S SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION REX ALSO RELIES ON INPUT FROM OUR PHYSICIANS AND CLINICAL STAFF, PATIENT OUTCOMES AS WELL AS QUALITATIVE AND QUANTITATIVE RESEARCH TO IDENTIFY AREAS OF OPPORTUNITY TO IMPROVE THE HEALTH OF OUR COMMUNITY

Form and Line Reference	Explanation
PART VI, LINE 3	REX PROVIDES A WIDE RANGE OF TOOLS AND EDUCATION TO HELP PATIENTS WHO NEED FINANCIAL ASSISTANCE THE REX ASSIST PROGRAM IS DESIGNED TO MAKE IT EASY FOR PATIENTS TO APPLY FOR FINANCIAL ASSISTANCE, CHARITY CARE AND OTHER AID PROGRAMS REX POSTS DETAILED INFORMATION ABOUT ITS GENEROUS CHARITY CARE POLICY, THE REX ASSIST PROGRAM AND OTHER FINANCIAL AID INFORMATION AT VARIOUS POINTS IN THE HOSPITAL AND ON ITS WEBSITE DURING PATIENT REGISTRATION, STAFF WILL DISTRIBUTE THE "YOUR REX HOSPITAL BILL" FLYER TO ANYONE WHO DOES NOT HAVE INSURANCE OR ASKS FOR ASSISTANCE THAT FLYER INCLUDES USEFUL INFORMATION AND HELPFUL RESOURCES REX FINANCIAL COUNSELORS WILL BEGIN WORKING WITH PATIENTS NEEDING ASSISTANCE AT REGISTRATION OR VISIT THE ROOMS OF PATIENTS WHO ASK FOR HELP THE COUNSELORS WILL ASSIST WITH DETERMINING MEDICAID ELIGIBILITY AND WITH FILLING OUT A REX ASSIST APPLICATION FINALLY, REX ALSO WORKS WITH VARIOUS COMMUNITY GROUPS THAT HELP PROVIDE ASSISTANCE TO THE UNINSURED OR UNDERINSURED, INCLUDING PROJECT ACCESS, PRETTY IN PINK AND OTHERS THE ANGEL FUND OF THE REX HEALTHCARE FOUNDATION ALSO SUPPORTS CANCER PATIENTS WITH UNIQUE FINANCIAL NEEDS, INCLUDING TRANSPORTATION, LIVING EXPENSES AND PRESCRIPTIONS

Form and Line Reference	Explanation
PART VI, LINE 4	THE ORGANIZATION SERVES AN AREA THAT ENCOMPASSES A FOUR-COUNTY AREA CONSISTING OF WAKE COUNTY AS THE PRIMARY SERVICE AREA WITH HARNETT, FRANKLIN AND JOHNSTON COUNTIES, COMPRISING THE SECONDARY SERVICE AREA WAKE COUNTY AND ITS SURROUNDING COMMUNITIES ARE AMONG THE FASTEST GROWING REGIONS IN THE NATION UNEMPLOYMENT RATES IN THE PRIMARY SERVICE AREA ARE LESS THAN THE UNEMPLOYMENT RATES FOR THE NATION AND THE STATE AVERAGE HOUSEHOLD INCOME AND EDUCATION LEVEL ALSO COMPARE FAVORABLY WITH BOTH THE NATION AND THE STATE

Form and Line Reference	Explanation
PART VI, LINE 5	THERE ARE MANY WAYS REX WORKS WITH COMMUNITY PARTNERS TO ADDRESS HEALTH ISSUES AND CONCERNS IDENTIFIED WITHIN THE COMMUNITY THROUGH BOTH FINANCIAL, IN-KIND AND STAFF SUPPORT, REX PROVIDES ASSISTANCE IN HOSTING COMMUNITY HEALTH SCREENINGS, MOBILE MAMMOGRAPHY SCREENINGS AND ON-SITE MEDICAL CARE THROUGH THE REX EMERGENCY RESPONSE TEAM ADDITIONALLY, COMMUNITY RELATIONS ACTIVITIES REGULARLY DEMONSTRATE PROMOTING HEALTH AND WELLNESS INITIATIVES "ASK THE EXPERT" FORUMS ARE FREE AND OFFERED THROUGHOUT WAKE COUNTY BY PHYSICIANS AND STAFF REX HAS BEEN DILIGENT IN AWARDING GRANTS TO COMMUNITY GROUPS TO ASSIST THEM WHERE NEEDS ARE GREATEST TWICE A YEAR WE HOST A COLLABORATIVE BREAKFAST INVITING COMMUNITY PARTNERS, ORGANIZATIONS AND HEALTHCARE PROVIDERS WHO WORK WITH UNINSURED WOMEN TO DISCUSS AND ADDRESS CURRENT HARDSHIPS AND RESOURCES TRULY A COMMITMENT TO THE NONPROFIT COMMUNITY

Form and Line Reference	Explanation
PART VI, LINE 6	REX HEALTHCARE IS A SUBSIDIARY OF THE UNC HEALTH CARE SYSTEM IN CHAPEL HILL THAT SYSTEM SERVES PATIENTS FROM ALL 100 COUNTIES, REGARDLESS OF THEIR ABILITY TO PAY, PROVIDING MORE THAN $300 MILLION A YEAR IN UNCOMPENSATED CARE AS PART OF THE INTEGRATED SYSTEM, REX STRIVES TO IMPROVE ACCESS AND SERVICES IN WAKE COUNTY'S GROWING AND UNDERSERVED AREAS REX CAREGIVERS ALSO WORK CLOSELY WITH THEIR COUNTERPARTS AT UNC HEALTH CARE TO FIND MORE WAYS TO IMPROVE CARE AND QUALITY, REACH MORE UNINSURED PATIENTS AND MORE REX'S BOARD REPRESENTS A CROSS-SECTION OF THE COMMUNITY, WITH VOLUNTEERS THAT INCLUDE BUSINESS LEADERS, COMMUNITY PHYSICIANS AND OTHERS THAT BOARD WORKS CLOSELY WITH THE BOARD AT UNC HEALTH CARE TO DETERMINE THE BEST WAYS TO PLAY A LARGER ROLE IN IMPROVING THE COMMUNITY'S HEALTH, AND REX'S ROLE IN THE BIGGER SYSTEM'S MISSION

Form and Line Reference	Explanation
PART VI LINE 7	THE ORGANIZATION SUBMITS AN ANNUAL COMMUNITY BENEFIT REPORT TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE NORTH CAROLINA MEDICAL CARE COMMISSION

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

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
REX HOSPITAL, INC	
REX HOSPITAL, INC	PART V, SECTION B, LINE 4 THE ORGANIZATION'S COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED WITH THE FOLLOWING HOSPITAL FACILITIES WAKEMED HEALTH AND HOSPITALS AND DUKE R ALEIGH HOSPITAL
REX HOSPITAL, INC	PART V, SECTION B, LINE 7 THE ORGANIZATION DID NOT ADDRESS THE FOLLOWING FOCUS AREAS IDEN TIFIED IN THE CHNA DISABILITY AND CARE-GIVING, EDUCATION AND LIFELONG LEARNING, HOUSING A ND HOMELESSNESS, NUTRITION, PHYSICAL ACTIVITY AND OBESITY PREVENTION, POPULATION GROWTH AN D RISKY YOUTH BEHAVIOR THE COMMUNITY VOTED ON THE THREE PRIORITY AREAS TO BE ADDRESSED OV ER THE NEXT THREE YEARS AND THE TOP THREE PRIORITY AREAS DID NOT INCLUDE THE NEEDS LISTED ABOVE WHILE THE ORGANIZATION IS WORKING CLOSELY WITH ITS CHNA PARTNERS ON THE TOP THREE I DENTIFIED PRIORITY AREAS, REX ALSO PLANS TO PLACE EMPHASIS ON THE CLOSELY IDENTIFIED FOURT H ITEM WHICH IS NUTRITION, PHYSICAL ACTIVITY AND OBESITY PREVENTION AS A HEALTHCARE ORGAN IZATION, RESOURCES ARE READILY AVAILABLE TO ADDRESS THIS AREA IN GREATER SCOPE
REX HOSPITAL, INC	PART V, SECTION B, LINE 20D PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE RECEIVE THE BENEFI T OF 100% ADJUSTMENT OF ELIGIBLE CHARGES, INCLUDING EMERGENCY CARE, MINUS A SMALL COPAYMEN T DEPENDING ON THE TYPE OF SERVICE RECEIVED AMOUNTS GENERALLY BILLED BASED ON MANAGED CAR E CONTRACTED AMOUNTS ARE USED TO DETERMINE THE UNINSURED DISCOUNT WHICH IS AUTOMATICALLY A PPLIED TO ALL SELF PAY BALANCES REGARDLESS OF ELIGIBILITY FOR FINANCIAL ASSISTANCE

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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)
REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
REX HEALTHCARE OF CARY 1505 SW CARY PARKWAY CARY,NC 27511	HEALTHCARE
REX HEALTHCARE OF KNIGHTDALE 6602 KNIGHTDALE BOULEVARD 102 KNIGHTDALE,NC 27545	HEALTHCARE
REX REHAB AND NURSING CARE CTR - RALEIGH 4210 LAKE BOONE TRAIL RALEIGH,NC 27607	HEALTHCARE
REX REHAB AND NURSING CARE CTR - APEX 911 SOUTH HUGHES STREET APEX,NC 27502	HEALTHCARE
REX WELLNESS CENTER OF WAKEFIELD 11200 GALLERIA AVENUE RALEIGH,NC 27614	HEALTHCARE
REX WELLNESS CENTER OF RALEIGH 4200 LAKE BOONE TRAIL RALEIGH,NC 27607	HEALTHCARE
REX WELLNESS CENTER OF CARY 1515 SW CARY PARKWAY CARY,NC 27511	HEALTHCARE
REX WELLNESS CENTER OF GARNER 1400 TIMBER DRIVE EAST GARNER,NC 27529	HEALTHCARE
REX WELLNESS CENTER OF KNIGHTDALE 6602 KNIGHTDALE BOULEVARD KNIGHTDALE,NC 27545	HEALTHCARE
REX HEALTHCARE OF GARNER 300 HEALTH PARK DRIVE GARNER,NC 27529	HEALTHCARE
REX HEALTHCARE OF HOLLY SPRINGS 781 AVENT FERRY ROAD HOLLY SPRINGS,NC 27540	HEALTHCARE

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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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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 . . . . . ▶ 12

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 4

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

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

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

Return Reference	Explanation
PART I, LINE 2	REX REQUIRES ALL REQUESTS FOR GRANTS OR OTHER ASSISTANCE TO BE IN WRITING SUCH REQUESTS ARE TYPICALLY REVIEWED ON AN ANNUAL BASIS FOLLOWING GUIDELINES RELATED TO COMMUNITY NEED AND REX'S MISSION REX'S PRIORITIES INCLUDE SUPPORTING HEALTH, HUMAN SERVICES, EDUCATION AND ARTS IN THE COMMUNITIES IT SERVES REX HAS VARIOUS WAYS OF TRACKING THE RESULTS OF ITS CONTRIBUTIONS BECAUSE REX OFTEN WORKS CLOSELY WITH THE COMMUNITY GROUPS IT SUPPORTS, THE ORGANIZATION RECEIVES FREQUENT UPDATES ON THEIR WORK AND PROGRESS FOR LARGER GRANTS, REX ALSO RECEIVES ANNUAL OR QUARTERLY REPORTS ON RESULTS

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

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
WAKE COUNTY MEDICAL SOCIETY 2500 BLUE RIDGE ROAD STE 330 RALEIGH,NC 27607	56-2205175	501(C)(6)	175,000				GENERAL SUPPORT, MEDICAL CARE

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 SYMPHONY 4350 LASSITER STE 250 RALEIGH,NC 27609	56-0556755	501(C)(3)	60,000				GENERAL SUPPORT

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
AMERICAN HEART ASSOCIATION NORTH CAROLINA AFFILIATEINC 3901 COMPUTER DR STE 110 RALEIGH,NC 27609	56-0529996	501(C)(3)	40,000				GENERAL SUPPORT, EDUCATION SUPPORT

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
GREATER RALEIGH CHAMBER PO BOX 2978 RALEIGH,NC 27602	56-0370850	501(C)(6)	11,515				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NORTH CAROLINA CHAMBER 701 CORPORATE CENTER DRIVE STE 400 RALEIGH,NC 27607	56-0340499	501(C)(6)	5,400				GENERAL SUPPORT

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
WAKE TECH FOUNDATION 9101 FAYETTEVILLE ROAD RALEIGH,NC 27511	23-7017752	501(C)(3)	15,000				GENERAL SUPPORT

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
NC MUSEUM OF ART 4630 MAIL SERVICE CENTER RALEIGH,NC 27699	23-7071511	501(C)(3)	22,500				GENERAL SUPPORT

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
RONALD MCDONALD HOUSE OF CHAPEL HILL 101 OLD MASON FARM ROAD CHAPEL HILL,NC 27517	56-1413188	501(C)(3)	15,000				GENERAL SUPPORT

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
DOWNTOWN RALEIGH ALLIANCE 120 SOUTH WILMINGTON STREET STE 103 103 RALEIGH,NC 27601	56-1994005	501(C)(6)	60,000				GENERAL SUPPORT

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
WAKE EDUCATION PARTERNSHIP 706 HILLSBOURGH STREET STE A RALEIGH,NC 27603	28-1518182	501(C)(3)	10,300				GENERAL SUPPORT

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
AFRICAN AMERICAN CULTURAL FESTIVAL PO BOX 46595 RALEIGH,NC 27620	90-0636941	501(C)(3)	10,000				GENERAL SUPPORT

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
HOLT BROTHERS FOUNDATION 8801 FAST PARK DRIVE STE 105 107 RALEIGH,NC 27617	56-6570426	501(C)(3)	7,500				GENERAL SUPPORT

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
NASH HEALTH CARE FOUNDATION 2416 PROFESSIONAL DRIVE ROCKY MOUNT,NC 27804	31-1802814	501(C)(3)	5,200				GENERAL SUPPORT

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
ALLIANCE MEDICAL MINISTRY 101 DONALD ROSS DRIVE RALEIGH,NC 27610	56-2168673	501(C)(3)	5,000				GENERAL SUPPORT

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
CARY CHAMBER OF COMMERCE 307 NORTH ACADEMY STREET CARY,NC 27519	56-0989726	501(C)(3)	5,000				GENERAL SUPPORT

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
NC PREVENTION PARTNERS 88 VILCOM CENTER DRIVE ST 110 CHAPEL HILL,NC 27514	31-1722051	501(C)(3)	5,000				GENERAL SUPPORT

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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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	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 1A	THE ORGANIZATION OFFERS COMPLIMENTARY MEMBERSHIPS TO REX WELLNESS CENTERS FOR THE EXECUTIVE STAFF, BOTH ACTIVE AND RETIRED BOARD MEMBERS AND MEDICAL DIRECTORS ALL MEMBERS RECEIVING COMPLIMENTARY MEMBERSHIPS ARE REQUIRED TO COMPLETE THE SAME APPLICATION AND TESTING PROCEDURES AS OTHER MEMBERS CURRENTLY, THERE ARE 10 INDIVIDUALS LISTED THAT RECEIVE COMPLIMENTARY MEMBERSHIPS THE VALUE OF THE COMPLIMENTARY MEMBERSHIP IS TREATED AS TAXABLE COMPENSATION AND IS REPORTED ON THE INDIVIDUAL'S W-2
PART I, LINE 4B	DURING THE CALENDAR YEAR 2013, DAVID STRONG PARTICIPATED IN A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN AND RECEIVED DISTRIBUTIONS TOTALING $229,994 HE ALSO EARNED COMPENSATION UNDER THIS PLAN TOTALING $235,196 THE CURRENT YEAR EARNINGS ARE PAYABLE IN THE FUTURE
PART I, LINE 6	EMPLOYEES IN MANAGERIAL ROLES PARTICIPATE IN AN ANNUAL INCENTIVE COMPENSATION PLAN THE COMPENSATION EARNED UNDER THIS PLAN IS BASED PARTLY ON THE COMBINED EARNINGS OF REX HEALTHCARE, INC AND ITS SUBSIDIARIES ADDITIONALLY, THE INCENTIVE COMPENSATION OF THE PRESIDENT AND CFO IS BASED PARTLY ON THE EARNINGS OF THE UNC HEALTH CARE SYSTEM OTHER PERFOMANCE MEASURES USED TO DETERMINE INCENTIVE COMPENSATION ARE PHYSICIAN SATISFACTION, PATIENT CARE QUALITY OUTCOMES, EFFECTIVE USE OF TECHNOLOGY AND INDIVIDUAL GOALS

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

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				
GARY L PARK DIRECTOR	(I) (II)	0 758,970	0 49,534	0 7,098	0 281,821	0 7,708	0 1,105,131	0 0
WILLIAM L ROPER MD DIRECTOR	(I) (II)	0 770,164	0 0	0 12,462	0 152,285	0 5,207	0 940,118	0 0
DAVID W STRONG DIRECTOR AND PRESIDENT	(I) (II)	626,252 0	157,199 0	251,042 0	263,723 0	11,511 0	1,309,727 0	229,994 0
BERNADETTE M SPONG SVP/FINANCE AND CFO, TREAS & SEC	(I) (II)	328,338 0	86,923 0	18,121 0	34,437 0	15,583 0	483,402 0	0 0
MARY LOU POWELL LEFT 382014 SVP/PATIENT CARE SVCS & CNO	(I) (II)	257,661 0	72,445 0	31,931 0	68,823 0	6,601 0	437,461 0	0 0
STEPHEN W BURRISS COO	(I) (II)	288,357 0	79,263 0	27,695 0	25,241 0	15,091 0	435,647 0	0 0
LINDA H BUTLER MD VP/MEDICAL AFFAIRS & CMO & CMIO	(I) (II)	217,942 0	60,381 0	22,368 0	19,893 0	12,591 0	333,175 0	0 0
DONALD ESPOSITO JR VP/GENERAL COUNSEL	(I) (II)	239,259 0	66,399 0	23,867 0	22,102 0	15,091 0	366,718 0	0 0
SYLVIA D HACKETT VP/HUMAN RESOURCES & FOUNDATION	(I) (II)	208,135 0	58,985 0	19,819 0	52,272 0	9,102 0	348,313 0	0 0
R ERICK HAWKINS VP/HEART & VASCULAR SERVIC	(I) (II)	220,562 0	60,811 0	28,343 0	25,001 0	8,422 0	343,139 0	0 0
CHAD T LEFTERIS VP/OPERATIONS	(I) (II)	168,636 0	46,053 0	19,693 0	16,135 0	6,602 0	257,119 0	0 0
LISA SCHILLER VP/COMMUNICATIONS & MARKETING	(I) (II)	169,198 0	43,672 0	6,813 0	23,708 0	14,091 0	257,482 0	0 0
JAYNE R BYRD VP/SURGICAL SERVICES	(I) (II)	184,076 0	48,399 0	2,514 0	155,901 0	7,986 0	398,876 0	0 0
MICHELLE L GRAY VP/REGIONAL CIO	(I) (II)	207,364 0	67,132 0	8,622 0	32,982 0	4,763 0	320,863 0	0 0
ROBERT D RICKER VP/PHYSICIAN RELATIONS	(I) (II)	202,401 0	34,192 0	8,650 0	78,689 0	6,602 0	330,534 0	0 0
TAMMIE T STANTON VP/POST ACUTE SERVICES	(I) (II)	0 232,584	0 40,691	0 5,193	0 36,952	0 5,208	0 320,628	0 0
TOM G WILLIAMS VP/AMBULATORY SERVICES	(I) (II)	169,169 0	43,495 0	7,752 0	35,727 0	12,591 0	268,734 0	0 0
JOHN D STORMENT ASST TREASURER & ASST SE	(I) (II)	0 179,775	0 16,679	0 11,672	0 31,123	0 5,208	0 244,457	0 0
JOEL RAY AS OF 2214 VP/PATIENT CARE SVCS & CNO	(I) (II)	0 144,794	0 12,980	0 7,252	0 24,290	0 0	0 189,316	0 0
JEFFREY CRANE MD ONCOLOGY	(I) (II)	634,647 0	17,363 0	40,919 0	61,107 0	12,163 0	766,199 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROBERT WEHBIE MD ONCOLOGY	(I) (II)	513,535 0	18,000 0	179,294 0	33,825 0	12,531 0	757,185 0	0 0
LANCE LANDVATER MD CARDIOVASCULAR SURGEON	(I) (II)	661,935 0	473,555 0	5,544 0	11,500 0	14,943 0	1,167,477 0	0 0
O ROBERT MENDES MD VASCULAR SURGEON	(I) (II)	624,733 0	27,238 0	47,360 0	8,750 0	12,591 0	720,672 0	0 0
ROBERT PEYTON MD CARDIOVASCULAR SURGEON	(I) (II)	662,334 0	154,830 0	5,544 0	11,500 0	9,101 0	843,309 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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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 COMMISSIONS	52-1309402	65821DFJ5	10-26-2010	127,456,150	CONSTRUCTION		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	13,606,475			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	127,456,150			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	2,184,840			
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,499,411			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	47,737,172			
11	Other spent proceeds	76,034,727			
12	Other unspent proceeds				
13	Year of substantial completion	2013			

		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							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

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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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION'S SOLE MEMBER IS REX HEALTHCARE, INC
FORM 990, PART VI, SECTION A, LINE 7A	THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM APPOINTS ALL OF THE THIRTEEN SEATS ON THE ORGANIZATION'S BOARD OF TRUSTEES
FORM 990, PART VI, SECTION A, LINE 7B	THE ORGANIZATION'S BOARD REQUIRES PRIOR APPROVAL OF THE UNIVERSITY OF NORTH CAROLINA HEALT H CARE SYSTEM FOR CERTAIN POWERS, INCLUDING BUT NOT LIMITED TO ADDITION OR DELETION OF A H EALTH CARE SERVICE, PARTICIPATION, DIRECTLY OR INDIRECTLY, IN A JOINT VENTURE, INDEBTEDNES S AND CAPITAL BUDGETS, OPERATING BUDGETS AND NON-BUDGETED MATERIAL EXPENDITURES
FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S EXECUTIVE TEAM DISCUSSES AND REVIEWS THE FORM 990 AND ALL ASSOCIATED SC HEDULES THROUGHOUT THE INFORMATION GATHERING STAGE. THE FORM 990 AND ASSOCIATED SCHEDULES ARE THEN REVIEWED AND APPROVED BY THE BOARD AS A WHOLE. A COPY OF THE APPROVED FORM 990 AL ONG WITH THE ASSOCIATED SCHEDULES IS PROVIDED TO ALL BOARD MEMBERS PRIOR TO FILING
FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONF LICT OF INTEREST POLICY BY REQUIRING ALL BOARD MEMBERS TO ANNUALLY COMPLETE AND SIGN A QUE STIONNAIRE DOCUMENTING ANY AREA OF CONFLICT OF INTEREST. THE BOARD MEMBERS ARE REQUIRED TO REPORT AND DOCUMENT ANY NEW AREAS OF CONFLICT OF INTEREST AS THEY ARISE.
FORM 990, PART VI, SECTION B, LINE 15	THE ORGANIZATION USES AN INDEPENDENT CONSULTANT TO MEASURE FAIR VALUE OF COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER TOP MANAGEMENT. THE ORGANIZATION'S BOARD REVIEWS AN D APPROVES THE COMPENSATION FOR ALL OFFICERS EXCEPT THE ASSISTANT TREASURER AND ASSISTANT SECRETARY
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S FORM 990 IS AVAILABLE UPON REQUEST AND ON GUIDESTAR'S WEBSITE AND THE F INANCIAL STATEMENTS ARE AVAILABLE ON MUNICIPAL SECURITIES RULEMAKING BOARD'S WEBSITE. THE ORGANIZATION DOES NOT MAKE OTHER GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY A VAILABLE TO THE PUBLIC
FORM 990, PART XII, LINE 2C	NO CHANGE FROM PY

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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
REX HOSPITAL INC DBA REX HEALTHCARE

Employer identification number
56-1509260

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) REX HEALTH VENTURES GP I LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 45-5070550	VENTURE CAPITAL INVESTMENT	NC			REX HOSPITAL INC
(2) REX ORTHOPEDIC VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3434805	ORTHOPEDIC PRACTICE VENTU	NC			REX HOSPITAL INC
(3) REX SURGERY CENTER OF WAKEFIELD LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 46-5511168	ASC	NC			REX HOSPITAL INC

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	
(1) REX SURGERY CENTER OF CARY LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3684056	ASC	NC	REX HOSPITAL INC	RELATED	5,040,453	4,853,514		No			No	55 000 %
(2) JRH VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-4092967	MED CAMPUS DVLT	NC	REX HOSPITAL INC	RELATED	256,577	3,013,078		No			No	50 000 %
(3) REX HEALTH VENTURES I LP 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 37-1690478	VENTURE CAPITAL INVESTMENT	NC	REX HEALTH VENTURES	RELATED	-504,029	1,704,940		No			No	100 000 %
(4) ORTHOPAEDIC SURGERY CENTER OF RALEIGH LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-1740526	ORTHOPAEDIC SURGERY	NC	REX HOSPITAL INC	RELATED	338,791	1,407,961		No			No	51 000 %
(5) HIGH POINT SURGERY CENTER 600 NORTH LINDSAY STREET HIGH POINT, NC 27260 56-1867005	HEALTHCARE	NC	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) REX ENTERPRISES COMPANY INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1553957	OPERATIONS SUPPORT	NC	REX HEALTHCARE	C					No
(2) HIGH POINT HEALTHCARE VENTURES INC 601 N ELM STREET HIGH POINT, NC 27261 56-1343468	HOLDING COMPANY	NC	N/A	C					No
(3) UNC PHYSICIANS NETWORK GROUP PRACTICES LLC 1600 PERIMETER PARK DRIVE SUITE 225 MORRISVILLE, NC 27560 46-1416986	HEALTHCARE	NC	N/A	C					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	Yes	
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		No
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	Yes	
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		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) REX HEALTHCARE FOUNDATION INC	Q	801,817	FMV
(2) REX HEALTHCARE FOUNDATION INC	C	965,197	FMV
(3) JRH VENTURES LLC	L	1,059,149	FMV
(4) UNC HEALTH CARE SYSTEM	B	34,964,840	FMV

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
PART V, LINE 1 N&O	PART V, LINE 1 N&O ADMINISTRATIVE SUPPORT, SUCH AS EXECUTIVE MANAGEMENT, LEGAL, ACCOUNTING, HUMAN RESOURCES, PURCHASING AND IT, FOR EACH OF THESE ENTITIES IS PROVIDED BY REX HOSPITAL, INC PERSONNEL UTILIZING REX HOSPITAL FACILITIES AND OTHER ASSETS ESTIMATING THE VALUE OF THESES SHARED PERSONNEL AND ASSETS CANNOT BE READILY DETERMINED

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC DBA REX HEALTHCARE

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) UNC HEALTH CARE SYSTEM 101 MANNING DRIVE CHAPEL HILL, NC 27514 56-2206970	HEALTHCARE	NC	SECTION 115		UNC HEALTHCARE		No
(1) UNC HOSPITALS AT CHAPEL HILL 211 FRIDAY CENTER DR SUITE 2029 CHAPEL HILL, NC 27517 56-1118388	HEALTHCARE	NC	SECTION 115		UNC HEALTHCARE		No
(2) CALDWELL MEMORIAL HOSPITAL PO BOX 1890 LENIOR, NC 28645 56-0554204	HEALTHCARE	NC	501(C)(3)	LINE 3	UNC HEALTHCARE		No
(3) CALDWELL MEMORIAL HOSPITAL FOUNDATION INC PO BOX 1890 LENIOR, NC 28645 58-1935514	SUPPORT OF CALDWELL	NC	501(C)(3)	LINE 7	CALDWELL MEMORIAL HOSPITAL		No
(4) CHATHAM HOSPITAL INC PO BOX 649 SILVER CITY, NC 27344 56-0611546	HEALTHCARE	NC	501(C)(3)	LINE 3	UNC HEALTHCARE		No
(5) HIGH POINT REGIONAL HEALTH 601 N ELM STREET HIGH POINT, NC 27261 56-0532309	HEALTHCARE	NC	501(C)(3)	LINE 3	UNC HEALTHCARE		No
(6) HIGH POINT REGIONAL HEALTH SERVICES INC 601 N ELM STREET HIGH POINT, NC 27261 56-1497163	HEALTHCARE	NC	501(C)(3)	509(A)(3) TYPE 2	UNC HEALTHCARE		No
(7) HIGH POINT REGIONAL HEALTH SYSTEM FOUNDATION INC 601 N ELM STREET HIGH POINT, NC 27261 27-2854711	SUPPORT OF HIGH POINT	NC	501(C)(3)	509(A)(3) TYPE 1	HIGH POINT REGIONAL HEALTH		No
(8) REX HEALTHCARE INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1509129	HEALTHCARE	NC	501(C)(3)	509(A)(3) TYPE 2	UNC HEALTHCARE		No
(9) THE REX HEALTHCARE FOUNDATION INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-6052117	SUPPORT OF REX HOSPITAL	NC	501(C)(3)	509(A)(3) TYPE 2	REX HEALTHCARE		No
(10) UNCPN 1600 PERIMETER PARK DRIVE SUITE 225 MORRISVILLE, NC 27560 27-1081647	HEALTHCARE	NC	501(C)(3)	LINE 9	UNC HEALTHCARE		No

REX HEALTHCARE, INC. AND SUBSIDIARIES
(A COMPONENT UNIT OF THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM)

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2014 AND 2013

REX HEALTHCARE, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2014 AND 2013

CliftonLarsonAllen LLP
CLAconnect com

CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rex Healthcare, Inc and Subsidiaries
Raleigh, North Carolina

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Rex Healthcare, Inc. and Subsidiaries ("Rex"), (a component unit of the University of North Carolina Health Care System), which comprise the combined statements of net position as of June 30, 2014 and 2013, and 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 audits 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 Rex'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 Rex'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

Opinion

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

Adoption of New Accounting Pronouncement

As discussed in Note 14 to the combined financial statements, Rex adopted Governmental Accounting Standards Board Statement No 65, *Items Previously Reported as Assets and Liabilities,* during the year ended June 30, 2013 In accordance with the provisions of that standard, Rex applied the provisions retroactively to all years presented in the combined financial statements

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and the Schedule of Plan Funding Progress on page 38 be presented to supplement the basic combined financial statements Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining schedules on pages 36 and 37 are presented for purposes of additional analysis 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 3, 2014

Overview

The Management's Discussion and Analysis section of the Rex Healthcare, Inc. and Subsidiaries ("Rex") annual financial report is designed to provide a general overview of the financial position and operating results as of and for the fiscal years ended June 30, 2014 and 2013. This discussion and analysis should be read in conjunction with the combined financial statements and related notes which follow this discussion and analysis.

Rex Healthcare, Inc. is a private, not-for-profit health care organization located in Raleigh, North Carolina, and a component unit of the University of North Carolina Health Care System The flagship facility is Rex Hospital, Inc , a 433-bed community hospital Rex Hospital, Inc provides comprehensive care, including emergency, general surgery, orthopedics, oncology, vascular, cardiac, gynecology, and obstetric services on its main campus. Rex Hospital, Inc reaches beyond the hospital setting to provide long-term care and sub-acute rehabilitation in two skilled nursing centers – a 120-bed center in Raleigh and a 107-bed facility in Apex. In Cary, Rex offers wellness and diagnostic services. At its Wakefield campus, Rex provides outpatient surgery, a full cancer center with medical and radiation oncology services, urgent care, diagnostics, family medicine and a wellness center At its Knightdale campus, Rex provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center. In addition, Rex has a fourth medically supervised wellness center in Garner Rex Healthcare of Holly Springs provides urgent care, diagnostics and physician practices to residents in southern Wake County Rex has additional oncology or cardiology practices in Wake, Johnston, Sampson, Harnett, Franklin, Wayne, Nash, and Wilson Counties.

Rex operates a home health service, outpatient rehab in three locations, and a senior health center in an underserved area in downtown Raleigh

Current Year Events

Rex implemented a new electronic health record system in fiscal 2014 Rex is able to better serve our patients across numerous locations by accessing patient care records that are now consolidated on the same platform in all UNC Health Care Triangle locations

Rex began construction of the North Carolina Heart & Vascular Hospital at Rex's main campus That project includes the relocation of acute care beds from Rex's aging patient tower, relocation of existing operating rooms, and consolidation of all existing heart and vascular services into a more convenient and accessible location.

Rex's overall credit rating was upgraded by rating agencies Standard & Poor and Fitch to AA- and reaffirmed by Moody's at A+.

Rex added 3D mammography screening technology at the Rex Breast Care Center in Raleigh They also purchased a Femtosecond Laser for ophthalmic cataract extractions to enable image-guided control for lens fragmentation and corneal incisions Rex is the only hospital in Wake County to offer this technology.

Rex ranked #8 in the nation in the Axial Becker's National Patient Engagement Ranking. Rex also continued to earn "A" ratings in Leapfrog Group's fall and spring national hospital safety assessment Rex Rehabilitation and Nursing Care Center of Apex was named to U S. News & World Report's list of the top nursing facilities. Rex also launched its new mobile mammography unit to screen underserved women. Finally and with great pride, Rex celebrated its 120th anniversary

Using this Financial Report

Rex's financial statements report information of Rex using accounting methods similar to those used by private-sector health organizations. These statements offer short and long-term financial information about its activities

Statement of Net Position

The statement of net position shows the financial position of Rex and includes all of Rex's assets (resources), deferred outflows of resources, liabilities (claims to resources), deferred inflows of resources, and net position (equity). The statement of net position also provides the basis for evaluating the capital structure, liquidity and financial flexibility of Rex

Statement of Revenues, Expenses and Changes in Net Position

Revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position This statement measures the success of Rex's operations and can be used to determine whether Rex has successfully recovered all of its costs through its fees and other sources of revenue, profitability and credit worthiness

Statement of Cash Flows

The final required statement is the statement of cash flows The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing and capital and related financing activities, and noncapital related financing activities. It also provides answers to such questions as where cash comes from, what cash was used for and what the change in the cash balance was during the reporting period.

Notes to the Combined Financial Statements

Notes to the combined financial statements are designed to give the reader additional information concerning Rex and further supports the combined financial statements noted above

Financial Analysis

The statement of revenues, expenses and changes in net position reports the net assets of Rex and the changes affecting them. Rex's net position, the difference between assets and liabilities, is a way to measure financial health or financial position Over time, increases or decreases in Rex's net position is one indicator of whether its financial health is improving or deteriorating. However, one will also need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed governmental legislation and regulations

(IN $000'S)

Condensed Combined Statements of Net Position

The following condensed combined statements of net position show the combined financial position at June 30, 2014, and 2013

	2014	2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets	$ 188,504	$ 182,790
Capital Assets, Net	286,586	283,235
Noncurrent Assets	329,954	257,575
Deferred Outflows of Resources	1,068	1,291
Total Assets and Deferred Outflows of Resources	$ 806,112	$ 724,891
LIABILITIES		
Long-Term Debt, Including Current Portion	$ 140,414	$ 147,323
Other Liabilities	186,108	121,651
Total Liabilities	326,522	268,974
NET POSITION		
Net Investment in Capital Assets	146,172	137,203
Restricted	5,672	5,227
Unrestricted	327,746	313,487
Total Net Position	479,590	455,917
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 806,112	$ 724,891

Current assets increased $5,714 (3 1%) and $4,824 (2 8%) in 2014 and 2013, respectively. The 2014 increase is due to an increase in patient accounts receivable mainly due to volume increases The 2013 increase is due to higher cash balances in the operating accounts. The increases result from growth in outpatient volumes, disciplined expense control, and improved reimbursement associated with renegotiated payor contracts

Noncurrent assets increased $72,379 (28.1%) and $14,012 (5 7%) in 2014 and 2013, respectively, as the result of investment earnings consistent with overall market performance as well as additional investment.

During 2014 and 2013, long-term debt decreased $6,909 (4.7%) and $9,534 (6 1%), respectively The decrease in 2014 and 2013 is the result of making scheduled principal payments

Net position increased $23,673 (5 2%) and $9,009 (2.2%) in 2014 and 2013, respectively. The 2014 increase was primarily due to income from operations and investment returns, both realized and unrealized. Rex also experienced a loss in 2013 due to the write-off of certain abandoned construction in progress projects For further information on this change, see the following combined statements of revenues, expenses and changes in net position

(IN $000'S)

Capital Assets

Rex's investment in capital assets consisted of the following at June 30, 2014 and 2013

	2014	2013
Land and Land Improvements	$ 51,044	$ 51,050
Buildings and Improvements	297,605	257,682
Equipment	349,866	347,401
Total Capital Assets	698,515	656,133
Accumulated Depreciation and Amortization	(444,039)	(411,688)
Total Capital Assets, Net	254,476	244,445
Construction in Progress	32,110	38,790
Total Capital Assets	$ 286,586	$ 283,235

Investments in capital assets in 2014 consisted primarily of the Heart and Vascular Hospital, cancer center renovation, west operating room and surgeon lounge, and ICU bed replacement projects Capital investments in 2013 consisted primarily of costs incurred in connection with ongoing replacement of the central energy plant for the main campus, a new bed tower, and technology and imaging assets.

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

While the combined statements of net position show the financial position of Rex at June 30, 2014 and 2013, the following combined statements of revenues, expenses and changes in net position provides answers to the nature and source of changes in net position for the years ended June 30, 2014 and 2013:

	2014	2013
Operating Revenues	$ 749,798	$ 731,381
Operating Expenses	735,312	686,028
Operating Income	14,486	45,353
Nonoperating Income	44,163	817
Contributions and Other	(34,976)	(37,161)
Change in Net Position	23,673	9,009
Net Position, Beginning of Period	455,917	446,908
Net Position, End of Period	$ 479,590	$ 455,917

Operating Income

The increase in operating revenues in 2014 and 2013 is primarily the result of volume growth and increased reimbursement resulting from renegotiated payor contracts The increases in operating expenses in each year are the result of changes in patient volumes, inflation, and expansion of services offered, and the impact of implementation of the new electronic health record system Operating expenses for the year ended June 30, 2014 include $15 3 million specific to the implementation

(IN $000'S)

Nonoperating Income

Nonoperating income consisted of the following for the years ended June 30, 2014 and 2013.

	2014	2013
Interest Income	$ 461	$ 695
Dividend Income	8,402	3,991
Realized Gains, Net	4,159	8,324
Net Change in Unrealized Gains	32,064	9,052
Brokerage Fees	(986)	(1,086)
Total Investment Income	44,100	20,976
Loss from Abandonment of Construction in Progress	-	(16,783)
Other	63	(3,376)
Total Nonoperating Income	$ 44,163	$ 817

Finance Contact

Rex's combined financial statements are designed to present users with a general overview of Rex's finances and to demonstrate Rex's financial accountability If you have any questions about this report or need additional financial information, inquiries may be sent to:

Chief Financial Officer
Rex Healthcare, Inc
4420 Lake Boone Trail
Raleigh, North Carolina 27607

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013
(IN $000's)

	2014	2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 59,174	$ 73,998
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of Approximately $19,427 in 2014 and $20,987 in 2013	86,591	78,678
Other Receivables	23,713	13,440
Inventories	13,398	11,249
Prepaid Expenses and Other Current Assets	5,628	5,425
Total Current Assets	188,504	182,790
ASSETS LIMITED AS TO USE	294,750	246,629
CAPITAL ASSETS, NET	286,586	283,235
OTHER ASSETS		
Investments in Affiliates	11,545	10,189
Other Assets	23,659	757
Total Other Assets	35,204	10,946
Total Assets	805,044	723,600
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding of Long-Term Debt	1,068	1,291
Total Assets and Deferred Outflows of Resources	$ 806,112	$ 724,891
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 7,698	$ 7,399
Vendor Accounts Payable	50,966	41,834
Accrued Expenses and Other Liabilities	109,281	66,188
Estimated Third-Party Payor Settlements	24,340	13,000
Total Current Liabilities	192,285	128,421
LONG-TERM DEBT, NET	132,716	139,924
OTHER NONCURRENT LIABILITIES	1,521	629
Total Liabilities	326,522	268,974
NET POSITION		
Net Investment in Capital Assets	146,172	137,203
Restricted	5,672	5,227
Unrestricted	327,746	313,487
Total Net Position	479,590	455,917
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 806,112	$ 724,891

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013
(IN $000's)

	2014	2013
OPERATING REVENUES		
Net Patient Service Revenue (Net of Provision for Uncollectible Accounts of Approximately $21,431 in 2014 and $26,594 in 2013)	$ 712,454	$ 701,745
Other Operating Revenues	37,344	29,636
Total Operating Revenues	749,798	731,381
OPERATING EXPENSES		
Salaries	332,846	295,944
Employee Benefits	74,360	90,703
Medical Supplies and Other Expenses	292,087	263,525
Depreciation and Amortization	31,062	30,813
Interest	4,957	5,043
Total Operating Expenses	735,312	686,028
OPERATING INCOME	14,486	45,353
NONOPERATING INCOME (LOSS)		
Investment Income, Net	44,100	20,976
Other, Net	63	(20,159)
Nonoperating Income, Net	44,163	817
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	58,649	46,170
CONTRIBUTIONS TO RELATED PARTY	(34,965)	(38,017)
OTHER	(11)	856
CHANGE IN NET POSITION	23,673	9,009
Net Position - Beginning of Year	455,917	446,908
NET POSITION - END OF YEAR	$ 479,590	$ 455,917

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013
(IN $000's)

	2014	2013
OPERATING ACTIVITIES		
Receipts from Third-Party Payors and Patients	$ 705,608	$ 710,922
Payments to and on Behalf of Employees	(400,868)	(380,309)
Payments to Suppliers	(262,091)	(264,846)
Other Receipts	35,086	30,893
Net Cash Provided by Operating Activities	77,735	96,660
INVESTING ACTIVITIES		
Purchases and Sales of Investments, Net	(16,193)	(17,105)
Contributions to Related Party	(34,965)	(38,017)
Investment Income	12,036	11,924
Other Nonoperating Income, Net	63	(3,376)
Net Cash Used in Investing Activities	(39,059)	(46,574)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(25,070)	(43,246)
Related Party Receivable for Capital Assets	(16,000)	-
Proceeds from Issuance of Long-Term Debt, Net of Premium	-	1,899
Principal Repayments of Long-Term Debt	(7,609)	(11,301)
Cash Paid for Interest on Long-Term Debt	(4,957)	(2,754)
Net Cash Used in Capital and Related Financing Activities	(53,636)	(55,402)
DECREASE IN CASH AND CASH EQUIVALENTS	(14,960)	(5,316)
Cash and Cash Equivalents - Beginning of Year	74,158	79,474
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 59,198	$ 74,158
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO COMBINED STATEMENTS OF NET POSITION:		
Cash and Cash Equivalents in Current Assets	$ 59,174	$ 73,998
Cash and Cash Equivalents in Assets Limited as to Use	24	160
Total Cash and Cash Equivalents	$ 59,198	$ 74,158

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013
(IN $000's)

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 14,486	$ 45,353
Interest Expense Considered Capital Financing Activity	4,957	5,043
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Provision for Uncollectible Accounts	21,431	26,594
Depreciation and Amortization	31,692	30,873
Gain on Disposal of Capital Assets	(827)	(179)
Changes in Assets and Liabilities:		
Patient and Other Receivables, Net	(39,617)	(26,000)
Accounts Payable and Accrued Expenses	36,334	5,017
Estimated Third-Party Payor Settlements	11,340	8,583
Other Assets and Liabilities, Net	(2,061)	1,376
Net Cash Provided by Operating Activities	$ 77,735	$ 96,660
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Net Change in Unrealized Gains on Investments	$ 32,064	$ 9,052
Additions to Capital Assets Included in Current Liabilities	8,223	-
Capital Assets Acquired through Capital Lease Obligations	1,056	-
Loss on Abandonment of Construction in Progress	-	(16,783)

See accompanying Notes to Combined Financial Statements

NOTE 1 ORGANIZATION

Rex Healthcare, Inc. ("Rex") is a North Carolina not-for-profit corporation organized to provide a broad range of health care services to residents of the Triangle area of North Carolina Acting through its network of operating affiliates, Rex provides health care to patients from several locations through continued development of acute care and non-hospital programs

Rex's sole member is the University of North Carolina Health Care System ("UNCHCS") UNCHCS appoints eight of the thirteen seats on Rex's Board of Trustees Additionally, UNCHCS reviews and approves Rex's annual operating and capital budgets Rex is a component unit of UNCHCS and its financial data is incorporated into the comprehensive annual financial report of UNCHCS

As required by accounting principles generally accepted in the United States of America, the combined financial statements of Rex present the financial position and results of operations of the primary enterprise, Rex Healthcare, Inc., and its blended component units The combined component units discussed below are included in Rex's reporting entity because of their operational or financial relationships with Rex, including sharing the same governance, of Rex being the sole member of the component unit

Rex Hospital, Inc – Rex Hospital, Inc (the "Hospital"), located in Raleigh, North Carolina, is a 433-bed hospital The Hospital provides inpatient, outpatient and emergency services primarily to the residents of Wake County, North Carolina The Hospital operates on its main campus Rex Cancer Center, Rex Women's Center and Rex Rehabilitation and Nursing Care Center of Raleigh, a 120-bed nursing facility. The Hospital provides wellness and diagnostic services at its Cary, North Carolina campus, and outpatient surgery, oncology and wellness services, urgent care, family medicine and diagnostics at its Wakefield campus Rex's Knightdale campus provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center Rex also operates Rex Rehabilitation and Nursing Care Center of Apex, a 107-bed nursing facility located in Apex, North Carolina Rex's Holly Springs campus provides urgent care, diagnostics and physician practice services.

- *Rex Physicians, LLC* – Holdings formed and became the sole member of Rex Physicians LLC ("Physicians"), a single member limited liability company which has elected to be treated as a taxable corporation. Physicians was formed to operate specialty physician practices serving the residents of Wake County and surrounding areas Physicians currently operates physician practices in the areas of general surgery, heart and vascular services, and thoracic surgery On January 1 2014, all of Physicians assets and services were transferred to the Hospital

- *Rex Health Ventures* – Rex created Rex Health Ventures GP I, LLC and Rex Health Ventures I, LLP (collectively "Rex Health Ventures" or "RHV") RHV was formed as a venture capital fund to invest in and partner with health care startup companies and entrepreneurs RHV invests in organizations that support the

NOTE 1 ORGANIZATION (CONTINUED)

discovery and development of new treatments, tools, products and services that foster innovation and positively impact the provision of health care Rex has committed to investing up to $10,000 in RHV Following is the organizational structure of the RHV entities

Rex Health Ventures GP I, LLC – The Hospital is the sole member of Rex Health Ventures GP I, LLC ("RHV GP")

Rex Health Ventures I, LLP – The Hospital is the sole limited partner in Rex Health Ventures I, LLP ("RHVI") and RHV GP is the sole general partner RHVI is the venture capital fund and invests in startup companies. At June 30, 2014 and 2013, RHVI had invested $2,072 and $1,498, respectively, in unrelated health care startup companies RHVI accounts for these investments utilizing the fair value method of accounting. During the year ended June 30, 2014 RHVI realized a distribution gain on investment of approximately $5,048 Management has determined there is no impairment of these investments at June 30, 2014 and 2013.

- *Rex Orthopedic Ventures, LLC* – The Hospital formed and became the sole member of Rex Orthopedic Ventures, LLC ("ROV"), a single member, manager-managed limited liability company. ROV was formed to hold a membership interest in Orthopedic Surgery Center of Raleigh, LLC (see Investments in Affiliates below)

- *Rex Surgery Center of Wakefield, LLC* – In 2014, the Hospital formed and became the sole member of Rex Surgery Center of Wakefield, LLC ("RSCW"), a single member, manager-managed limited liability company There was no financial activity related to this entity as of and for the year ended June 30, 2014.

Rex Holdings, LLC – Rex formed and became the sole member of Rex Holdings, LLC ("Holdings"), a single member limited liability company Holdings was formed to hold membership interest in various limited liability companies. During fiscal years 2014 and 2013, there were no activities related to this entity

Rex Enterprises Company, Inc. – Rex Enterprises Company, Inc ("Enterprises") is a North Carolina for-profit corporation organized to hold investments in various affiliates and to promote the development of real property in support of the mission of Rex

- *Rex Health Ventures, LLC* – Enterprises is the sole member of Rex Health Ventures, LLC ("RHVLLC"), which provides management services to RHVI

- *Rex Wakefield Enterprises, LLC* – Rex Wakefield Enterprises, LLC (formerly known as Rex CDP Ventures, LLC) ("RWE"), is a limited liability company organized to own and develop real estate in the Wakefield community of northern Wake County At June 30, 2013, RWE was the sole member of the following limited liability companies

NOTE 1 ORGANIZATION (CONTINUED)

Rex Wakefield Wellness, LLC – RWE is the sole member of Rex Wakefield Wellness, LLC ("Wellness"), a single member limited liability company. Wellness was created to develop a wellness center building on the Wakefield campus of the Hospital The Hospital leases the building from Wellness

Rex Wakefield MOB, LLC – RWE is the sole member of Rex Wakefield MOB (formerly known as Wakefield Rex Investors MOB, LLC) ("MOB"), a single member limited liability company MOB was formed to develop a medical office building on the Wakefield campus of the Hospital The Hospital leases space from MOB

Rex Healthcare Foundation, Inc. – Rex Healthcare Foundation, Inc (the "Foundation") is a North Carolina not-for-profit corporation organized to promote the health and welfare of the people of the Triangle area by promoting philanthropic contributions and public support of Rex.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As a result of the transfer of the membership interest to UNCHCS, an agency of the State of North Carolina, Rex is subject to the application of accounting pronouncements issued by the Governmental Accounting Standards Board (GASB). Rex follows GASB Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board Statements and other pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements

The accompanying basic combined financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide *Health Care Entities*, and other pronouncements applicable to health care organizations and guidance from the GASB, where applicable. The basic combined financial statements include all of the accounts of Rex. Intercompany accounts and transactions have been eliminated in combination

Use of Estimates

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased, and which are not designated as assets limited as to use, and are recorded at cost which approximates market value

Inventory

Inventory consists primarily of medical supplies, surgical supplies, and pharmaceuticals and is stated at the lower of cost (first-in, first-out method) or market

Investments

Investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, are measured at fair value in the accompanying statements of net position Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income (loss) in the accompanying combined financial statements The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments.

Investments in Affiliates

Quality Textile Services, Inc. - Enterprises own a 50% interest in Quality Textile Services, Inc ("QTS"), a Raleigh, North Carolina company that provides laundry services to local hospitals Enterprises exercises significant influence over QTS, however, it does not control it through a majority voting interest. This investment is accounted for using the equity method of accounting, accordingly, Enterprises' investment has been adjusted for its share of QTS' operations Enterprises' equity in the net loss of this affiliate totaled approximately $152 and $34 for the years ended June 30, 2014 and 2013, respectively, and is included in net nonoperating income Enterprises received no cash distributions from QTS during 2014 or 2013. Enterprises' investment in QTS totaled approximately $2,171 and $2,323 as of June 30, 2014 and 2013, respectively. Separate financial statements for QTS are not publicly available

Rex Cary MOB, LLC - Enterprises owns a 32.5% interest in Rex Cary MOB, LLC, a company that in July 2003, built and began leasing a medical office building in Cary, North Carolina Enterprises' investment has been adjusted for its share of Rex Cary MOB, LLC's operations Enterprises accounts for its investment in the affiliate under the equity method of accounting since it exercises significant influence over the affiliate, but does not have financial accountability Enterprises' equity in the net income of this affiliate totaled approximately $216 and $294 for the years ended June 30, 2014 and 2013, respectively, and is included in net nonoperating income Additionally, Enterprises received cash distributions from Rex Cary MOB, LLC totaling approximately $257 and $311 during 2014 and 2013, respectively Enterprises' investment in Rex Cary MOB, LLC totaled approximately $737 and $778 as of June 30, 2014 and 2013, respectively Separate financial statements for Rex Cary MOB, LLC are not publicly available

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Affiliates (Continued)

JRH Ventures, LLC – On February 1, 2012, the Hospital assigned 100% of its membership interest in Smithfield Radiation Oncology to JRH Ventures, LLC ("JRH"), a limited liability company organized to own and operate linear accelerators, in exchange for a 50% member interest in JRH The Hospital accounts for its investment in JRH under the equity method of accounting since it exercises significant influence over JRH, but does not have financial accountability. The Hospital's equity in the net income (loss) of this affiliate totaled approximately $74 and $(213) for the years ended June 30, 2014 and 2013, respectively, and is included in net nonoperating income. The Hospital's investment in JRH totaled approximately $2,664 and $2,590 as of June 30, 2014 and 2013, respectively. Separate financial statements for JRH are not publicly available.

Rex Surgery Center of Cary, LLC – Rex Surgery Center of Cary, LLC ("CSC") is a limited liability company organized to own and operate an ambulatory surgery center. CSC was formed and began operations on February 28, 2011 The Hospital owned 55% of the membership interests at June 30, 2014 and 2013. Per the membership agreement, both the Hospital and the unrelated party now maintain 50/50 voting rights, regardless of the ownership structure The Hospital's equity in the net income of this affiliate totaled approximately $4,922 and $5,367 for the years ended June 30, 2014 and 2013, respectively, and is included in other operating revenues The Hospital's investment in CSC totaled approximately $2,011 and $1,448 as of June 30, 2014 and 2013, respectively Separate financial statements for CSC are not publicly available

Orthopaedic Surgery Center of Raleigh, LLC – Orthopaedic Surgery Center of Raleigh, LLC ("OSCR") is a limited liability company organized to own and operate an ambulatory surgery center. OSCR was formed and began operations in April 2013 The Hospital owned 51% of the membership interests at June 30, 2014 and 2013 Per the membership agreement, both the Hospital and the unrelated party now maintain 50/50 voting rights, regardless of the ownership structure The Hospital's equity in the net income (loss) of this affiliate totaled approximately $3,693 and $(929) for the years ended June 30, 2014 and 2013, respectively, and is included in other operating revenues The Hospital's investment in OSCR totaled approximately $2,448 and $410 as of June 30, 2014 and 2013, respectively. Separate financial statements for OSCR are not publicly available

Rex MOB Partners, LLC - Enterprises owns less than a 5% interest in Rex MOB Partners, LLC, a company that operates a multi-tenant medical office building in Raleigh, North Carolina on land leased from the Hospital Enterprises does not exercise significant influence over the affiliate, and accounts for the investment using the cost method of accounting. Enterprises' investment in Rex MOB Partners, LLC totaled approximately $300 as of June 30, 2014 and 2013 Management has determined there is no impairment of this investment at June 30, 2014 and 2013 Separate financial statements for Rex MOB Partners, LLC are not publicly available.

(IN $000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Affiliates (Continued)

The following table summarizes unaudited aggregated financial information for the investees in which Rex has an equity method investment as of and for the year ended June 30, 2014

Current Assets	$	10,790
Noncurrent Assets		21,292
	$	32,082
Current Liabilities	$	2,965
Noncurrent Liabilities		9,440
Net Position		19,677
	$	32,082
Revenues	$	46,285
Expenses		30,003
Operating Income		16,282
Nonoperating Income		72
Excess Revenues Over Expenses	$	16,354

Capital Assets

Capital asset acquisitions are recorded at cost and include interest on funds used to finance the acquisition or construction of major capital projects Assets under capital lease are stated at the present value of the minimum lease payments at the inception of the lease Depreciation is provided on both straight-line and accelerated methods over the estimated useful lives of the depreciable assets which is generally 5 to 15 years for equipment, 5 to 15 years for building improvements, and 30 to 40 years for buildings.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs for major renewals and betterments are capitalized and depreciated over the estimated useful lives. Upon disposition, the asset and related accumulated depreciation accounts are relieved and any gain or loss is credited or charged to non-operating revenues and expenses

Assets under capital leases and leasehold improvements are depreciated over the estimated useful life or the related lease term, whichever is shorter, generally periods ranging from 5 to 7 years Depreciation of assets under capital leases and leasehold improvements is included in depreciation and amortization expense in the accompanying statements of revenues, expenses and changes in net assets.

Other Assets

Other assets consisted primarily of long-term notes receivable and deferred lease assets at June 30, 2014 and 2013

(IN $000's)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Accounting

Rex utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis Substantially all revenues and expenses are subject to accrual.

Net Position

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* net position is categorized as net investment in capital assets, restricted and unrestricted Net investment in capital assets is intended to reflect the portion of net position that is associated with nonliquid capital assets less outstanding capital-related debt Restricted net position is assets generated from revenues that have third-party limitations as to their use Unrestricted net position has no third-party restrictions as to use.

Restricted net position included the following at June 30, 2014 and 2013

	2014	2013
Expendable		
Various Scholarships, Lectureships and Buildings	$ 1,248	$ 1,157
Various Supplies, Equipment and Patient Charity Care	4,020	3,691
Total Expendable	5,268	4,848
Nonexpendable:		
Endowments	404	379
Total Restricted Net Position	$ 5,672	$ 5,227

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 adjustments due to future audits, reviews and investigations Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

Charity Care

Rex provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy Because Rex does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue or accounts receivable in the accompanying financial statements Rex maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy The amount of charity care provided, based on charges foregone, was approximately $88,000 and $89,000 for the years ended June 30, 2014 and 2013, respectively Rex has estimated costs associated with amounts foregone, utilizing the most recent Medicare cost report cost-to-charge ratio, to be approximately $24,226 and $24,502 for the years ended June 30, 2014 and 2013, respectively

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Income

Rex classifies all revenues and expenses earned or incurred in the course of providing health care to patients as operating activities

Nonoperating Income

Nonoperating income consists primarily of investment income and other miscellaneous income and expense items Income related to Rex's equity investments in affiliates, excluding CSC and OSCR, are included in other nonoperating income Earnings related to CSC and OSCR are reported in other operating income

Capitalized Interest

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

Electronic Health Record ("EHR") Incentive Payments

The Hospital recognizes revenue at the completion of the EHR reporting period and all meaningful use objectives and any other specific grant requirements that are applicable (such as electronic transmission of quality measures in the second and subsequent payment years) are met.

Tax-Exempt Status

Rex, the Hospital, and the Foundation are exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code Enterprises is a taxable corporation that previously had net operating loss carryforwards which expired in 2012.

The Hospital is the sole member of ROV and RSCW, and Enterprises is the sole member of RWE, and RWE is the sole member of Wellness, MOB and RHVLLC As such, these entities are considered disregarded entities for tax purposes

Significant Future Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* The objective of this statement is to establish new accounting and financial reporting requirements for governments that provide their employees with pensions The requirements in this statement will change how governments calculate and report the costs and obligations associated with pensions and improve the decision-usefulness of reported pension information and increase the transparency, consistency, and comparability of pension information across governments. This statement will be effective for Rex's fiscal year ending June 30, 2015 Management is currently evaluating the impact of adopting this statement, but believes the impact of the unfunded liability could reduce net position in excess of $100,000, and increase annual pension expense in excess of $1,000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2013 combined financial statements have been reclassified to conform to the 2014 presentation. These reclassifications had no effect on previously reported changes in net position

NOTE 3 NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. A summary of the payment arrangements with major third-party payors follows

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient non-acute services, and defined capital and medical education costs related to Medicare beneficiaries, are paid based on a cost reimbursement methodology. Outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates based on the Ambulatory Payment Classification System ("APC"). The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2010 An allowance is provided for retroactive adjustments under the contractual agreements for unsettled years through 2014.

Medicaid - Inpatient acute care services are paid at prospectively determined rates per discharge Amounts received for Medicaid outpatient services are generally cost-based at standard per encounter rates established by state regulations The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2010 An allowance is provided for retroactive adjustments under the contractual agreements for unsettled years through 2014

Managed Care Agreements - Net patient service revenues include amounts determined to be reimbursable under contractual agreements with managed care organizations, area businesses and insurance companies The agreements provide for various discounts, per diem rates, and/or per case rates Allowances are provided for adjustments under these agreements.

NOTE 3 NET PATIENT SERVICE REVENUE (CONTINUED)

Revenues from the Medicare and Medicaid programs accounted for approximately 25% and 2%, respectively, of the Hospital's net patient service revenue for the year ended June 30, 2014 Revenues from the Medicare and Medicaid programs accounted for approximately 25% and 3%, respectively, of the Hospital's net patient service revenue for the year ended June 30, 2013 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates could change by a material amount in the near term The 2014 and 2013 net patient service revenue increased approximately $4,783 and $8,613, respectively, as a result of changes in estimates related to various third-party accruals and reserves.

Contractual adjustments totaled approximately $1,296,000 and $1,209,000 for the years ended June 30, 2014 and 2013, respectively.

The Hospital has historically participated in the voluntary North Carolina Medicaid Reimbursement Initiative Program (the "MRI Program") The MRI Program allowed the Hospital to receive additional annual Medicaid funding for its disproportionate share costs In March 2012, the Center for Medicare and Medicaid Services ("CMS") approved two new disproportionate share plans for North Carolina

The first plan covers the UNCHCS hospitals (The UNC Upper Payment Limit or "UPL Plan"), including Rex The second plan covers all other non-state government hospitals and private hospitals in North Carolina (the "GAP Plan") and is essentially a supplemental upper payment limit plan to the existing MRI Program Under the UNC UPL Plan, Rex does not participate in the GAP Plan and no longer participates in the MRI Program.

Under the provisions of the UPL Plan, Rex is assessed an inter-governmental transfer ("IGT Payment") by the North Carolina Medicaid program ("Medicaid"), in return Medicaid makes an upper payment limit payment to Rex. When both amounts are reasonably estimable and probable of payment, Rex recognizes the revenues related to the UPL Plan as net patient service revenue

(IN $000's)

NOTE 3 NET PATIENT SERVICE REVENUE (CONTINUED)

Both the UPL Plan and the GAP Plan were approved in March 2012, however, the provisions were retroactively effective to October 1, 2010 and January 1, 2011 The following table summarizes the revenue recognized by Rex related to these plans for the years ended June 30, 2014 and 2013.

	2014	2013
UPL Plan Year - 2013		
IGT Payment	$ -	$ (19,772)
UPL Revenue	-	27,816
	-	8,044
Reserve for Future Settlements	-	(430)
	-	7,614
UPL Plan Year - 2014		
IGT Payment	(15,073)	-
UPL Revenue	23,013	-
	7,940	-
Reserve for Future Settlements	(475)	-
	7,465	-
	$ 7,465	$ 7,614

Other Payors

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

NOTE 4 ACCOUNTS RECEIVABLE AND ACCRUED EXPENSES

Patient accounts receivable consists of the following at June 30, 2014 and 2013

	2014	2013
Gross Receivables:		
Medicare	$ 39,732	$ 46,323
Medicaid	4,415	5,559
Managed Care	37,524	37,058
Self Pay	79,464	40,764
Other	59,597	55,586
	220,732	185,290
Less:		
Contractual Allowances	(114,714)	(85,626)
Allowance for Uncollectible Accounts	(19,427)	(20,986)
	$ 86,591	$ 78,678

(IN $000's)

NOTE 4 ACCOUNTS RECEIVABLE AND ACCRUED EXPENSES (CONTINUED)

Other receivables consist of the following at June 30, 2014 and 2013:

	2014	2013
Sales Tax Receivable	$ 3,888	$ 3,745
Pledges Receivable	114	214
Due from Related Party	17,499	8,727
Other	2,212	754
	$ 23,713	$ 13,440

Accrued expenses and other liabilities consist of the following at June 30, 2014 and 2013

	2014	2013
Accrued Salaries, Wages and Withholdings	$ 32,257	$ 30,695
Accrued Paid Time Off	17,080	14,790
Reserve for Workers' Compensation Claims	1,984	2,373
Reserve for Employee Health Benefit Claims	4,372	2,456
Reserve for Medical Malpractice Claims	1,043	624
Due to Related Party	39,018	6,507
Other	13,527	8,743
	$ 109,281	$ 66,188

NOTE 5 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The fair value of cash, cash equivalents, and investments consist of the following at June 30, 2014 and 2013

	2014	2013
Cash and Cash Equivalents	$ 59,198	$ 74,158
Certificates of Deposit	350	450
Mutual Funds	72,954	58,810
Equities	136,780	114,249
Alternative Investments	84,642	72,960
	$ 353,924	$ 320,627

	2014	2013
Included in the Following Balance Sheet Captions		
Cash and Cash Equivalents	$ 59,174	$ 73,998
Assets Limited as to Use		
Restricted by Contributors and Grantors	5,672	5,227
Designated for Long Term Investment	289,078	241,402
	294,750	246,629
	$ 353,924	$ 320,627

Certificates of deposits for the years ended June 30, 2014 and 2013 have maturities of less than one year

NOTE 5 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Rex's general investment policy is to apply the prudent-person rule Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims, taking into consideration the long-term and short-term needs of the institution, and current and expected returns, price level trends, and economic conditions Investments shall be so diversified as to minimize the risk of large losses.

The Board requires a minimum of 75% of investments be invested in liquid securities, defined as securities that can be transacted quickly and efficiently with minimal impact on market price Up to 30% of the total portfolio may be invested in alternative assets, but must be specifically approved by the Board Rex's investment policy prohibits short selling, margin transactions and interest rate futures and swaps

Interest Rate Risk. Rex has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates The policy requires that the duration of the portfolio shall not exceed six years and its average maturity shall range between two and six years

Credit Risk Rex's investment policy allows it to invest in (i) direct obligations or obligations on which the principal and interest are unconditionally guaranteed by the United States government, (ii) obligations issued by an approved agency or corporation wholly-owned by the United States government, (iii) interest-bearing time deposits, certificates of deposit or other approved forms of deposits in any bank or trust company in North Carolina which satisfies insurance and, if necessary, collateral requirements for holding Company money, and (iv) corporate notes and bonds

Fixed income investments should be limited to investment grade securities, i.e , securities with ratings of BBB- (Standard & Poor's) or Baa3 (Moody's) or higher Unrated securities of the U S. Treasury, government agencies and government sponsored entities are permissible investments The average portfolio quality should be "A "

Alternative investments are investments in the common stock of limited investment companies that offer a pattern of returns different from that of the overall market and occasionally have lesser levels of liquidity Examples of alternative investments allowed by Rex's investment policy include hedge funds, hedge fund-of-funds, private equity funds, managed futures and structured alternatives

(IN $000's)

NOTE 5 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk. Rex limits the amount it may invest in any single issuer Fixed income holdings in a single issuer (excluding obligations of the United States Government, its agencies and government sponsored entities) shall be limited to 5 percent of the portfolio measured at market value at the time of purchase Treasuries, agencies and government-sponsored entities have no issuer limits Securities rated under "A-" are limited to 3% per issuer Rex's investment policy at June 30, 2014 includes the following allocation structure and benchmarks

	Min	Target	Max	Benchmark
Global Equities	40%	45%	60%	
U S Equity	10%	23%	40%	Russell 3000
Non-U S Equity	10%	22%	40%	ACWI ex - US
Real Assets	5%	10%	15%	CPI-U + 5%
Hedge Funds	10%	15%	20%	T-Bills + 5%
Fixed Income	20%	30%	40%	BC Aggregate Index
Cash and Equivalents	0%	0%	10%	N/A

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Rex will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party Fixed income and equity securities may be exposed to custodial credit risk if they are uninsured, are not registered in the name of Rex and are held by either the counterparty or the counterparty's trust department or agent, but not in Rex's name At June 30, 2014 and 2013, all investments in securities are on deposit with Rex's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts Rex's ownership of these securities is identified through the internal records of the fiduciary agent. Certain of these securities are optionally callable at par by the issuer on specified dates

Rex does not have a deposit policy for custodial credit risk, but does require cash to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return. At June 30, 2014, Rex had approximately $59,000 on deposit with financial institutions that exceeded the $250,000 FDIC insurance limit.

Nonoperating income (loss) consisted of the following for the years ended June 30, 2014 and 2013

	2014	2013
Interest Income	$ 461	$ 695
Dividend Income	8,402	3,991
Realized Gains	4,159	8,324
Net Change in Unrealized Gains on Investments	32,064	9,052
Brokerage Fees	(986)	(1,086)
Total Investment Income	44,100	20,976
Loss from Abandonment of Construction in Progress	-	(16,783)
Other	63	(3,376)
Total Nonoperating Income, Net	$ 44,163	$ 817

(IN $000's)

NOTE 6 CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of changes in the historical cost of capital assets and accumulated depreciation and amortization related to capital assets for the year ended June 30, 2014 is as follows:

	June 30, 2013	Transfers/ Additions	Transfers/ Retirements	June 30, 2014
CAPITAL ASSETS AT COST				
Land	$ 29,912	$ 3,081	$ -	$ 32,993
Land Improvements	21,138	-	(3,087)	18,051
Buildings and Improvements	257,682	40,714	(791)	297,605
Equipment	347,401	10,211	(7,746)	349,866
Construction in Progress	38,790	35,963	(42,643)	32,110
Total	694,923	89,969	(54,267)	730,625
ACCUMULATED DEPRECIATION AND AMORTIZATION				
Land Improvements	8,170	675	(234)	8,611
Buildings and Improvements	137,748	20,962	(791)	157,919
Equipment	265,770	18,030	(6,291)	277,509
Total	411,688	39,667	(7,316)	444,039
Capital Assets, Net	$ 283,235	$ 50,302	$ (46,951)	$ 286,586

A summary of changes in the historical cost of capital assets and accumulated depreciation and amortization related to capital assets for the year ended June 30, 2013 is as follows

	June 30, 2012	Transfers/ Additions	Transfers/ Retirements	June 30, 2013
CAPITAL ASSETS AT COST				
Land	$ 29,912	$ -	$ -	$ 29,912
Land Improvements	19,540	1,598	-	21,138
Buildings and Improvements	252,777	6,551	(1,646)	257,682
Equipment	321,861	37,537	(11,997)	347,401
Construction in Progress	47,715	42,156	(51,081)	38,790
Total	671,805	87,842	(64,724)	694,923
ACCUMULATED DEPRECIATION AND AMORTIZATION				
Land Improvements	7,506	634	30	8,170
Buildings and Improvements	127,297	10,467	(16)	137,748
Equipment	249,703	17,653	(1,586)	265,770
Total	384,506	28,754	(1,572)	411,688
Capital Assets, Net	$ 287,299	$ 59,088	$ (63,152)	$ 283,235

The capital acquisitions' figures above are presented net of transfers from construction in progress to operating asset categories and sales and other dispositions. Depreciation expense related to RWE and its related entities is included in other nonoperating income Depreciation and amortization expense totaled approximately $31,825 and $31,891 for the years ended June 30, 2014 and 2013, respectively. The expense shown in the table above is net of decreases in accumulated depreciation for sales and other dispositions of capital assets During the year ended June 30, 2013, Rex abandoned certain CIP projects resulting in losses of approximately $16,783 These losses are reported as non-operating loss in the accompanying combined financial statements.

(IN $000's)

NOTE 6 CAPITAL ASSETS AND ACCUMULATED DEPRECIATION (CONTINUED)

At June 30, 2014 and 2013, equipment under capital obligations had a cost of approximately $7,394 and accumulated amortization of approximately $4,942 and $2,494, respectively

NOTE 7 LONG-TERM DEBT

A summary of long-term debt and changes in long-term debt for the years ended June 30, 2014 and 2013 is as follows

	June 30, 2012	Borrowings	Payments and Amortization	June 30, 2013	Borrowings	Payments and Amortization	June 30, 2014
Series 2010A Bonds	$ 119,847	$ -	$ (4,647)	$ 115,200	$ -	$ (4,835)	$ 110,365
Notes Payable	29,810	1,899	(4,898)	26,811	-	(1,838)	24,973
Obligations Under Capital Lease	3,583	-	(1,756)	1,827	1,056	(936)	1,947
	153,240	1,899	(11,301)	143,838	1,056	(7,609)	137,285
Bond Premium, Net	3,851	-	(366)	3,485	-	(356)	3,129
	$ 157,091	$ 1,899	$ (11,667)	$ 147,323	$ 1,056	$ (7,965)	$ 140,414

Bonds Payable

In October 2010, Rex issued $122,965 Series 2010A Health Care Facilities Revenue and Revenue Refunding Bonds (2010A Bonds) through the North Carolina Medical Care Commission ("Commission") The proceeds were used to refund the previously outstanding 1998 Bonds, fund costs of construction and equipment related to the relocation of Rex's power plant, pay construction period interest, and pay for issuance costs for the 2010A Bonds.

The 2010A Bonds mature annually in amounts ranging from $1,000 to $8,130 and bear interest at rates between 2 00% and 5.00% for amounts maturing between 2011 and 2030 Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service

The 2010A Bonds are secured by a pledge of and a lien on the accounts receivable and the proceeds thereof derived from the ownership and operation of the Obligated Group In the Master Indenture agreements for the 2010A Bonds, the Obligated Group includes Rex and the Hospital. Under the terms of the Master Indenture agreement for the 2010A Bonds, the Obligated Group is subject to certain financial covenants including but not limited to limitations on the transfer or sale of the Obligated Group's assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of its tax-exempt status Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service Rex believes the Obligated Group is in compliance with all debt covenants at June 30, 2014

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

As a result of the early extinguishment of the 1998 Bonds, Rex incurred a loss of approximately $1,947 during 2011. The loss has been deferred and is being amortized over the remaining life of the 1998 Bonds. At June 30, 2014 and 2013, accumulated amortization of the deferred loss was approximately $879 and $656, respectively

Lines of Credit

The Hospital entered into a note agreement for a short-term revolving line of credit with a financial institution for an amount up to $50,000 to support short-term normal operating expenses and to enhance liquidity. The line of credit is collateralized by the Hospital's accounts receivable Interest is due and payable monthly at the monthly London Inter-Bank Offered Rate ("LIBOR") plus 1 25% The outstanding principal amount along with any accrued interest will be due upon the maturity date of March 31, 2015 The Hospital has not drawn any proceeds on this line of credit, thus, at June 30, 2014 and 2013, there was no outstanding balance

Notes Payable

During the year ended June 30, 2012, RWE entered into a note agreement with a financial institution for $30,000 to pay off the remaining balance of a construction loan. The note is payable in monthly principal and interest payments of $153 from April 5, 2012 through March 5, 2022 The note is collateralized by certain property of RWE.

Rex Physicians entered into a note agreement with a financial institution for $72 The outstanding principal amount along with any accrued interest will be due in November 2014 This note payable was transferred to the Hospital as of December 31, 2013 The outstanding balance of the loan was $11 and $37 at June 30, 2014 and 2013, respectively.

Obligations Under Capital Lease

Rex has entered into non-cancellable capital lease obligations for several pieces of equipment as of June 30, 2014 which expire at various dates through 2018

(IN $000's)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Total future debt service requirements subsequent to June 30, 2014 are as follows

	Bonds	Notes Payable	Obligations Under Capital Lease	Interest	Total
Year Ending June 30					
2015	$ 4,980	$ 1,861	$ 857	$ 5,938	$ 13,636
2016	5,175	1,154	795	5,691	12,815
2017	5,435	1,047	255	5,381	12,118
2018	5,645	1,086	40	5,129	11,900
2019	5,925	1,127	-	4,806	11,858
2020-2024	33,870	18,698	-	17,977	70,545
2025-2029	33,470	-	-	8,991	42,461
2030-2032	15,865	-	-	1,200	17,065
	110,365	24,973	1,947	55,113	192,398
Unamortized Bond Premium, Net	3,129	-	-	-	3,129
	$ 113,494	$ 24,973	$ 1,947	$ 55,113	$ 195,527

NOTE 8 EMPLOYEE BENEFITS

Rex Employees' Retirement Plan

The Hospital sponsors the Rex Employees' Retirement Plan (the "Plan"), a single-employer defined benefit retirement plan available to eligible employees The benefit formula is based on the highest five consecutive years of an employee's compensation during the 10 plan years preceding retirement.

During the year ended June 30, 2009, the Hospital amended the Plan to (1) reduce early retirement benefits by increasing the retirement age from 62 to 65, and (2) freeze access to the Plan for eligible employees hired after February 1, 2009. In addition, the Hospital revised certain actuarial assumptions to (1) change the amortization period for gains and losses from 10 to 30 years and (2) change the asset valuation method from 20% to 30% above and below market value.

Funding amounts for the Plan are based upon actuarial calculations. The Plan utilized the projected unit-credit method to determine the annual contributions The Hospital contributed approximately $12,911 and $10,040 to the Plan in 2014 and 2013, respectively There are no employee contributions to the Plan

Plan assets held in trust on behalf of the Plan participants consisted primarily of equity securities, U S Treasury securities and corporate bonds at June 30, 2014 and 2013 The actuarial value of Plan assets was determined by using a five-year moving average method

(IN $000's)

NOTE 8 EMPLOYEE BENEFITS (CONTINUED)

Rex Employees' Retirement Plan (Continued)

The following table shows the trend in Rex's annual pension cost (APC), percentage of APC contributed, and net pension asset:

	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Fiscal Year Ending:			
June 30, 2014	$ (12,901)	100 00 %	$ -
June 30, 2013	(10,040)	100 00	-
June 30, 2012	(8,020)	100 00	-

As of January 1, 2014, the most recent actuarial valuation date, the Plan was 73 5% funded The actuarial accrued liability for benefits was approximately $273,714 and the actuarial value of assets was approximately $201,077 resulting in an unfunded actuarial accrued liability of approximately $72,637 The covered payroll was approximately $181,915 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 39 9%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Combined Financial Statements, presents multi-year trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following assumptions were used in the January 1, 2014 and 2013 actuarial variations

	2014	2013
Inflation Rate	3 00%	3.00%
Investment Rate of Return	7 50%	7.50%
Projected Salary Increases	3 00%	3.00%

Tax Deferred Annuity Retirement Plan

The Hospital sponsors a defined contribution retirement plan covering substantially all employees. The Hospital matches one-half of each participant's voluntary contributions on a graduated scale based on length of service not to exceed 5% of the participant's annual salary Employer contributions totaled approximately $9,194 and $10,415 for the years ended June 30, 2014 and 2013, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

UNCHCS provides and receives certain shared services (primarily information technology, revenue cycle, and administration) to Rex and other affiliated entities Rex provided approximately $27,692 of shared services to UNCHCS and Rex received shared services of approximately $49,286 for the year ended June 30, 2014

UNCHCS provides and receives certain services with Rex Rex paid UNCHCS approximately $4,995 for such services during the year ended June 30, 2013 UNCHCS paid Rex approximately $839 for such services during the year ended June 30, 2013.

Under a management agreement effective January 1, 2000, UNCHCS assumed responsibility for the management and day-to-day operations of Rex Home Services, Inc , which became a division of the Hospital during 2013 During the years ended June 30, 2014 and 2013, this agreement resulted in approximately $0 paid to UNCHCS

Rex contributed approximately $28,911 and $34,273 to UNCHCS during 2014 and 2013, respectively, to help fund working capital needs at UNCHCS which includes new hospital affiliates and UNC Physicians Network, LLC ("UNCPN"), of which UNCHCS is the sole member UNCPN provides health care to patients throughout the Triangle and surrounding counties in North Carolina Rex also contributed $6,054 and $3,744 during the years ended June 30, 2014 and 2013, respectively, to the UNCHCS Enterprise Fund to support the ongoing health care mission of UNCHCS.

Net payables due to UNCHCS were approximately $36,812 and $6,438 as of June 30, 2014 and 2013, respectively, and are included in accrued expenses and other liabilities in the accompanying combined statements of net position

In 2014 Rex entered into a note receivable with UNCHCS for funding the electronic health record system. UNCHCS can draw up to approximately $43,000 on this note Unpaid principal shall bear interest at 2 5% until paid in full Principal and any accrued interest shall be repaid in equal monthly installments with final payment in July 2024. As of June 30, 2014 the outstanding note receivable balance was approximately $23,668.

The Hospital paid QTS approximately $1,379 and $1,508 for laundry services during the years ended June 30, 2014 and 2013, respectively

The Hospital paid Rex Cary MOB, LLC approximately $402 and $296 in rent expenditures for the use of surgical and office suites during the years ended June 30, 2014 and 2013, respectively.

Rex MOB Partners, LLC paid the Hospital approximately $289 and $282 for rent during the years ended June 30, 2014 and 2013, respectively

(IN $000's)

NOTE 10 COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT

Commitments

The Hospital has entered into a lease with Wellness to lease the wellness center In addition, the Hospital entered into a lease with MOB for part of the medical office building. Rex has certain other noncancellable operating leases for the rental of office space and equipment Future rent payments under these leases subsequent to June 30, 2014 are as follows

	Wellness Center	Medical Office Building	Office Space and Equipment	Total
Year Ending June 30:				
2015	$ 862	$ 2,253	$ 7,986	$ 11,101
2016	862	2,286	6,944	10,092
2017	862	2,300	6,252	9,414
2018	862	1,865	5,798	8,525
2019	902	1,900	5,463	8,265
2020-2024	4,697	9,329	20,027	34,053
2025-2029	4,439	8,964	2,425	15,828
	$ 13,486	$ 28,897	$ 54,895	$ 97,278

Total rental expense, including rental expense under noncancellable leases, was approximately $16,275 and $15,852 for the years ended June 30, 2014 and 2013, respectively.

Contingencies

The Hospital self-insures a portion of its workers' compensation exposure up to $350 per claim An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2014 but not reported This accrual was determined by an actuary and totaled approximately $1,984 and $2,373 at June 30, 2014 and 2013, respectively The accrual is included in accrued expenses and other liabilities in the accompanying combined statements of net position Commercial insurance has been obtained for coverage in excess of the self-insured amounts

The Hospital self-insures a portion of its employee health benefits exposure up to $200 per incident An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2014 but not reported This accrual was determined by an actuary and totaled approximately $4,372 and $2,456 at June 30, 2014 and 2013, respectively The accrual is included in accrued expenses and other liabilities in the accompanying combined statements of net position Commercial insurance has been obtained for coverage in excess of the self-insured amounts

NOTE 10 COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT (CONTINUED)

Contingencies (Continued)

The health care industry is subject to numerous laws and regulations of Federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Management believes Rex is in compliance with fraud and abuse as well as other applicable government laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed

Risk Management

Rex 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; employee health, dental, and accident benefits; and medical malpractice Commercial insurance and stop loss coverage is purchased for claims arising from such matters, subject to various deductibles.

Rex maintains professional and general liability insurance coverage in excess self-insured retention limits in 2014 was on a claims-made basis (i.e., $1,000,000 for any one claim and $3,000,000 for aggregate annual claims) To the extent that any claims-made coverage is not renewed or replaced with equivalent insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured Management believes, based on incidents identified through the Hospital's incident reporting system, that any such claims would not have a material effect on Rex's operations or financial position. In any event, management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires

Rex is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without a material adverse effect on Rex's financial position or results of operations.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

Rex provides services primarily to residents of Wake and surrounding counties without collateral or other proof of ability to pay Concentrations of credit risk with respect to patient accounts receivable are limited due to large numbers of patients served and formalized agreements with third-party payors Rex has significant accounts receivable whose collectability is dependent upon the performance of certain governmental programs, primarily Medicare. Management does not believe there are significant credit risks associated with these governmental programs.

(IN $000's)

NOTE 11 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The aggregate mix of accounts receivable from patients and third-party payors was as follows at June 30, 2014 and 2013

	2014	2013
Medicare	18 %	25 %
Medicaid	2	3
Managed Care	17	20
Self Pay	36	22
Other	27	30
Total	100 %	100 %

NOTE 12 ELECTRONIC HEALTH RECORD INCENTIVE PROGRAM

The Electronic Health Record (EHR) incentive program was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act These Acts provided for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified EHR technology The incentive payments are made based on a statutory formula and are contingent on Rex's continuing to meet the escalating meaningful use criteria For the first payment year, Rex must attest, subject to an audit, that it met the meaningful use criteria for a continuous 90-day period For the subsequent payment year, Rex must demonstrate meaningful use for the entire year The incentive payments are generally made over a 4-year period

Rex demonstrated meaningful use to the 90-day period ended September 30, 2011, and received the first tentative incentive payments of approximately $2,512 in March 2012 Of the $2,512 received, $2,012 was recognized as other operating revenue in the statement of revenues, expenses, and changes in net assets. Rex received an additional $3,756 during the year ended June 30, 2014 The final amount of these payments will be determined based on audit of the information from Rex's Medicare cost report for the year ended June 30, 2011. Events could occur that would cause the final payment to differ materially upon final settlement

NOTE 13 COMMUNITY BENEFITS

In addition to providing care without charge, or at amounts less than established rates to certain patients identified as qualifying for charity care, Rex also recognizes its responsibility to provide health care services and programs for the benefit of the community, at no cost or at reduced rates. Rex sponsors many community health initiatives, including breast and prostate cancer screenings, cardiovascular and pulmonary awareness and diabetes education programs that ultimately result in the overall improved health of our community The Rex Healthcare Emergency Response Team provides emergency aid and medical treatment at special events in the Wake County area. Rex also provides contributions, cash and in-kind, to various charitable and community organizations The costs of these programs are included in operating expenses in the accompanying statements of revenues, expenses and changes in net assets.

(IN $000's)

NOTE 14 ADOPTION OF NEW ACCOUNTING STANDARD

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that 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. Prior to the adoption of this standard, Rex amortized deferred financing costs over the life of the related debt Rex also presented the deferred loss on refunding as a component of debt in the liabilities section of the combined statement of net position

The below table summarizes the impact of the standard on the combined financial statements as of and for the year ended June 30, 2013

	Pre-Adoption Balance	Change	Post-Adoption Balance
OTHER ASSETS			
Deferred Bond Issuance Costs, Net	$ 1,163	$ (1,163)	$ -
TOTAL OTHER ASSETS	13,607	(1,163)	12,444
TOTAL ASSETS	718,256	(1,163)	717,093
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding of Debt	-	1,291	1,291
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	718,256	128	718,384
LONG-TERM DEBT, NET OF CURRENT MATURITIES	138,633	1,291	139,924
TOTAL LIABILITIES	261,176	1,291	262,467
NET POSITION			
Unrestricted	314,650	(1,163)	313,487
TOTAL NET POSITION	457,080	(1,163)	455,917
TOTAL NET POSITION, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	718,256	128	718,384
OTHER OPERATING EXPENSES			
Interest Expense	5,165	(122)	5,043
TOTAL OPERATING EXPENSES	686,150	(122)	686,028
OPERATING INCOME	45,231	122	45,353
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	46,048	122	46,170
CHANGE IN NET POSITION	8,887	122	9,009
NET POSITION - BEGINNING OF YEAR	448,193	(1,285)	446,908
NET POSITION - END OF YEAR	457,080	(1,163)	455,917

SUPPLEMENTARY INFORMATION

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014
(IN $000's)

	Obligated Group	Nonobligated Group	Eliminations	**Combined Rex Healthcare, Inc and Subsidiaries**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 55,810	$ 3,364	$ -	**$ 59,174**
Patient Accounts Receivable, Net	86,591	-	-	**86,591**
Other Receivables	10,259	9,648	3,806	**23,713**
Inventories	13,398	-	-	**13,398**
Prepaid Expenses and Other Current Assets	5,068	560	-	**5,628**
Total Current Assets	171,126	13,572	3,806	**188,504**
ASSETS LIMITED AS TO USE	287,048	7,702	-	**294,750**
CAPITAL ASSETS, NET	261,765	24,821	-	**286,586**
OTHER ASSETS				
Investment in Affiliates	10,574	4,985	(4,014)	**11,545**
Other Assets	23,040	2,606	(1,987)	**23,659**
Total Other Assets	33,614	7,591	(6,001)	**35,204**
Total Assets	753,553	53,686	(2,195)	**805,044**
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding of Long-Term Debt	1,068	-	-	**1,068**
Total Assets and Deferred Outflows of Resources	$ 754,621	$ 53,686	$ (2,195)	**$ 806,112**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	$ 6,725	$ 973	$ -	**$ 7,698**
Vendor Accounts Payable	50,490	476	-	**50,966**
Accrued Expenses and Other Liabilities	99,726	5,749	3,806	**109,281**
Estimated Third-Party Settlements	24,340	-	-	**24,340**
Total Current Liabilities	181,281	7,198	3,806	**192,285**
LONG-TERM DEBT, NET	109,750	22,966	-	**132,716**
OTHER NONCURRENT LIABILITIES	3,508	-	(1,987)	**1,521**
Total Liabilities	294,539	30,164	1,819	**326,522**
NET POSITION				
Net Investment in Capital Assets	145,290	882	-	**146,172**
Restricted	954	4,718	-	**5,672**
Unrestricted	313,838	17,922	(4,014)	**327,746**
Total Net Position	460,082	23,522	(4,014)	**479,590**
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 754,621	$ 53,686	$ (2,195)	**$ 806,112**

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014
(IN $000's)

	Obligated Group	Nonobligated Group	Eliminations	**Rex Healthcare, Inc. and Subsidiaries**
OPERATING REVENUES				
Net Patient Service Revenue	$ 681,719	$ 30,735	$ -	**$ 712,454**
Other Operating Revenues	34,370	2,974	-	**37,344**
Total Operating Revenues	716,089	33,709	-	**749,798**
OPERATING EXPENSES				
Salaries	303,890	28,956	-	**332,846**
Employee Benefits	70,629	3,731	-	**74,360**
Medical Supplies and Other Expenses	287,733	7,069	(2,715)	**292,087**
Depreciation and Amortization	30,594	468	-	**31,062**
Interest	4,951	6	-	**4,957**
Total Operating Expenses	697,797	40,230	(2,715)	**735,312**
OPERATING INCOME (LOSS)	18,292	(6,521)	2,715	**14,486**
NONOPERATING INCOME (LOSS)				
Investment Income (Loss), Net	38,171	5,929	-	**44,100**
Other, Net	1,638	1,140	(2,715)	**63**
Nonoperating Income (Loss), Net	39,809	7,069	(2,715)	**44,163**
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	58,101	548	-	**58,649**
CONTRIBUTIONS TO RELATED PARTY	(34,965)	-	-	**(34,965)**
OTHER	(37,652)	40,157	(2,516)	**(11)**
CHANGE IN NET POSITION	(14,516)	40,705	(2,516)	**23,673**
Net Position - Beginning of Year	474,598	(17,183)	(1,498)	**455,917**
NET POSITION - END OF YEAR	$ 460,082	$ 23,522	$ (4,014)	**$ 479,590**

REX HEALTHCARE, INC. AND SUBSIDIARIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR REX EMPLOYEES' RETIREMENT PLAN
(UNAUDITED)
JUNE 30, 2014
(IN $000's)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2014	$ 201,077	$ 273,714	$ 72,637	73 46 %	$ 181,915	39 93 %
January 1, 2013	177,497	250,134	72,637	70.96	184,796	39.31
January 1, 2012	166,265	215,516	49,251	77.15	185,343	26.57
January 1, 2011	158,693	188,633	29,940	84.13	190,434	15.72
January 1, 2010	149,019	171,627	22,608	86.83	199,427	11.34
January 1, 2009	140,562	155,914	15,352	90.15	173,000	8.87

The actuarial accrued liability is being amortized over a ten-year period on an open basis using the level-dollar method