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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
Piedmont Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1968 PEACHTREE ROAD NW
Suite

City or town, state or province, country, and ZIP or foreign postal code
ATLANTA, GA 30309

D Employer identification number
58-0566213

E Telephone number
(404)425-1303

G Gross receipts $ 832,892,419

F Name and address of principal officer
LESLIE A DONAHUE
1968 PEACHTREE ROAD NW
ATLANTA, GA 30309

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 PIEDMONTHOSPITAL ORG

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

L Year of formation 1905

M State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE PART III

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**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	4,231
6	Total number of volunteers (estimate if necessary)	**6**	400
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,782,857
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	5,481,947	2,458,191
9	Program service revenue (Part VIII, line 2g)	768,031,002	800,870,088
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,029,735	1,187,502
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,698,892	11,753,608
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	784,241,576	816,269,389
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	367,628	189,449
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)	272,221,418	267,334,929
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)	479,354,987	525,146,253
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	751,944,033	792,670,631
19	Revenue less expenses Subtract line 18 from line 12	32,297,543	23,598,758

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	2,884,534,057	4,703,096,865
21	Total liabilities (Part X, line 26)	2,271,981,101	4,061,143,241
22	Net assets or fund balances Subtract line 21 from line 20	612,552,956	641,953,624

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2015-05-13

CHARLIE HALL TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
SHAWN M HUTCHINSON				P01048557

Firm's name ▶ KPMG LLP — Firm's EIN ▶

Firm's address ▶ 300 NORTH GREENE STREET SUITE 400
GREENSBORO, NC 27401

Phone no

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE IN A PROGRESSIVE ENVIRONMENT, GUIDED BY PHYSICIANS, DELIVERED BY EXCEPTIONAL PROFESSIONALS, AND INSPIRED BY THE COMMUNITIES WE SERVE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 675,741,663 including grants of $ 189,449) (Revenue $ 793,478,567)

PIEDMONT HOSPITAL ("PH") IS A 488-BED FACILITY THAT HAS BEEN SERVING THE CITY OF ATLANTA IN FULTON COUNTY, GEORGIA, FOR MORE THAN A CENTURY OVER 1,000 PRIMARY CARE AND SPECIALTY PHYSICIANS ON THE MEDICAL STAFF MEET THE PROFESSIONAL CLINICAL NEEDS OF CHILDREN, ADULTS, AND SENIORS WITHIN THE CITY AND THE GREATER METROPOLITAN ATLANTA MARKET, REGARDLESS OF ANY INDIVIDUAL'S ABILITY TO PAY FOR SERVICES FOR THE YEAR ENDED JUNE 30, 2014, THE HOSPITAL HAD 26,653 IN-PATIENT ADMISSIONS WITH A TOTAL OF 139,828 DAYS OF IN-PATIENT HOSPITALIZATION ER VISITS TOTALED 50,007 AND OUTPATIENT VISITS TOTALED 294,229 SURGICAL SERVICES WERE PROVIDED TO 21,918 PATIENTS

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

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

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses ▶ 675,741,663

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4,231		
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**	15		
	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**	8		
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**		No
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**		No
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**		

Section C. Disclosure

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

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

▶ MARIE GAFFNEY 2727 PACES FERRY RD BLDG 2 STE 70
ATLANTA, GA 30339 (678) 842-6007

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Dr Carol T Aitcheson Board member	1 0 39 0	X						0	534,418	29,111
(2) Dr Letha Yurko Griffin Board member	1 0 0 0	X						0	0	0
(3) Mr Gary T Jones Board member	1 0 0 0	X						0	0	0
(4) Dr Bryant Wilson Board Member/Medical Director	2 0 38 0	X						2,374	545,506	24,039
(5) Dr JULIET ASHER Board member	1 0 39 0	X						0	179,570	20,684
(6) Mr Shouky Shaheen Board member	1 0 0 0	X						0	0	0
(7) Dr Patrick M Battey Board Member	1 0 39 0	X						0	675,296	16,657
(8) Mr Leslie A Donahue President and CEO	55 0 0 0	X		X				777,145	0	127,987
(9) Dr Hewitt W Matthews Board member	1 0 0 0	X						0	0	0
(10) Mr Douglas Stuart Board Member	1 0 0 0	X						0	0	0
(11) Dr WILLIAM JONAS Board member/MED STAFF PRES	2 0 0 0	X						2,733	250	0
(12) Dr Adrian Douglass Board Member	1 0 39 0	X						0	263,525	22,520
(13) Dr Harry M McFarling III Chairman/Physician	6 0 2 0	X		X				63,500	6,300	0
(14) Mr Walter Perrin Board Member	1 0 0 0	X						0	0	0
(15) Mr William Lingınfelter Board Member	1 0 0 0	X						0	0	0
(16) Mr Charlie Hall Treasurer	1 0 54 0			X				0	1,256,584	175,391
(17) Mr Jay D Mitchell Secretary	1 0 54 0			X				0	593,701	111,333

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Mr Thomas Arnold CFO	54 0 1 0				X			406,055	0	78,170
(19) MR EDWARD LOVERN COO AS OF 07/28/13	40 0 15 0				X			306,484	281,060	105,595
(20) Ms GABRIELLA WHEELER DIRECTOR OF TRANSPLANT LAB	55 0 0 0					X		211,967	0	14,446
(21) Mr Jyoti Prempeh VP of Clinical Support Svcs	55 0 0 0					X		210,065	0	17,273
(22) Mr Mark Cohen Chief Quality Officer	55 0 0 0					X		533,246	0	34,476
(23) Mr Paul Herd Medical Director	52 0 3 0					X		227,400	3,875	8,962
(24) Ms PAULA DEATON-PINYAN DIRECTOR OF CV SERVICES	55 0 0 0					X		212,277	0	12,079
(25) Ms Debbie Gramling Former Secretary	0 0 55 0						X	0	191,681	12,714
(26) Dr William Knopf FORMER Chief Operating Officer	0 0 0 0						X	869,541	0	14,784
(27) Ms Denise Ray Former Chief Operating Officer	0 0 55 0						X	0	456,234	79,551
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,822,787	4,988,000	905,772

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 ▶ 237

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ALLIANCE LAUNDRY AND TEXTILE SERVIC, 7990 Second Flags Drive Suite A AUSTELL GA 30168	LAUNDRY SERVICES	2,129,809
DPR CONSTRUCTION GP, 3301 WINDY RIDGE PARKWAY SUITE 400 ATLANTA GA 30339	CONSTRUCTION	2,014,950
HOWELL RUSK DODSON, 3355 LENOX ROAD SUITE 1190 ATLANTA GA 30326	ARCHITECTS	1,034,885
EMORY MEDICAL LABORATORIES, PO BOX 403054 ATLANTA GA 30384	LAB SERVICES	854,282
RADIOLOGY ASSOCIATES OF ATLANTA, 1984 PEACHTREE RD STE 505 ATLANTA GA 30309	RADIOLOGY SERVICES	1,311,937

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 ▶ 52

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				
	e	Government grants (contributions)	1e	10,462			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,447,729			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		2,458,191			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621110	791,312,220	791,312,220		
	b	OUTSIDE LAB REVENUE	621500	6,209,588	1,619,833	4,589,755	
	c	PARKING REVENUE	900099	3,259,562			3,259,562
	d	OTHER OPERATING REVENUE	900099	88,718	88,718		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		800,870,088			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,516,991			1,516,991
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	14,469,673				
	b	Less rental expenses	6,044,683				
	c	Rental income or (loss)	8,424,990 / 0				
	d	Net rental income or (loss) . . . . . ▶		8,424,990		193,102	8,231,888
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	10,248,858 / 0				
	b	Less cost or other basis and sales expenses	10,399,303 / 179,044				
	c	Gain or (loss)	-150,445 / -179,044				
	d	Net gain or (loss) . . . . . ▶		-329,489			-329,489
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
	Miscellaneous Revenue		Business Code				
	11a	CAFETERIA	900099	1,863,829			1,863,829
	b	FITNESS CENTER	713940	877,067			877,067
	c	COFFEE CART	900099	129,926			129,926
	d	All other revenue		457,796	457,796		
	e	**Total.** Add lines 11a–11d . . . . . ▶		3,328,618			
	12	**Total revenue.** See Instructions . . . . . ▶		816,269,389	793,478,567	4,782,857	15,549,774

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	39,107	39,107		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	150,342	150,342		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	1,757,675	1,655,906	101,769	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	859,771		859,771	
7 Other salaries and wages	220,874,397	208,085,769	12,788,628	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,252,724	2,122,292	130,432	
9 Other employee benefits	27,521,395	25,927,906	1,593,489	
10 Payroll taxes	14,068,967	13,254,373	814,594	
11 Fees for services (non-employees)				
a Management	1,070,776		1,070,776	
b Legal	220,359		220,359	
c Accounting	0			
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	35,952,823	33,695,461	2,257,362	
12 Advertising and promotion	2,266,453	1,699,840	566,613	
13 Office expenses	35,560,442	35,387,270	173,172	
14 Information technology	12,237,532	9,178,149	3,059,383	
15 Royalties . .	0			
16 Occupancy	11,355,743	9,412,442	1,943,301	
17 Travel	251,519	224,142	27,377	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	13,672,800		13,672,800	
21 Payments to affiliates	31,271,287		31,271,287	
22 Depreciation, depletion, and amortization	32,134,797	24,101,098	8,033,699	
23 Insurance	5,021,009		5,021,009	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES AND DRUGS	172,862,795	172,862,795		
b BAD DEBT EXPENSE	73,842,511	73,842,511		
c INTERCOMPANY ALLOCATION OF EXP	75,442,846	45,265,708	30,177,138	
d HOSPITAL TAX	9,584,931	9,584,931		
e All other expenses	12,397,630	9,251,621	3,146,009	
25 **Total functional expenses.** Add lines 1 through 24e	792,670,631	675,741,663	116,928,968	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		179,195,524	1	245,404,841
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		59,116	3	104,340
	4	Accounts receivable, net		176,890,266	4	125,530,860
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		260,170	7	1,448,405
	8	Inventories for sale or use		15,107,732	8	15,347,875
	9	Prepaid expenses and deferred charges		4,905,417	9	4,683,186
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 771,759,473			
	b	Less accumulated depreciation	10b 545,343,223	233,943,353	10c	226,416,250
	11	Investments—publicly traded securities		466,785,381	11	545,113,886
	12	Investments—other securities See Part IV, line 11		3,022,130	12	3,022,130
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		15,641,421	14	20,785,041
	15	Other assets See Part IV, line 11		1,788,723,547	15	3,515,240,051
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		2,884,534,057	16	4,703,096,865
Liabilities	17	Accounts payable and accrued expenses		40,071,103	17	51,897,209
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		455,390,000	20	446,015,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		70,802,103	23	68,936,390
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,705,717,895	25	3,494,294,642
	26	**Total liabilities.** Add lines 17 through 25		2,271,981,101	26	4,061,143,241
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		573,494,534	27	603,124,749
	28	Temporarily restricted net assets		16,349,828	28	15,845,706
	29	Permanently restricted net assets		22,708,594	29	22,983,169
		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		612,552,956	33	641,953,624
	34	Total liabilities and net assets/fund balances		2,884,534,057	34	4,703,096,865

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	816,269,389
2	Total expenses (must equal Part IX, column (A), line 25)	2	792,670,631
3	Revenue less expenses Subtract line 2 from line 1	3	23,598,758
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	612,552,956
5	Net unrealized gains (losses) on investments	5	4,930,448
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	2,244,719
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,373,257
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	641,953,624

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Piedmont Hospital Inc

Employer identification number
58-0566213

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Piedmont Hospital Inc

Employer identification number
58-0566213

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	384,482,823	370,849,005	362,297,000	343,861,628	293,945,492
b	Contributions					
c	Net investment earnings, gains, and losses	14,419,913	13,913,440	8,173,300	18,073,893	49,633,360
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses	429,215	279,622	-378,705	-361,479	-282,776
g	End of year balance	398,473,521	384,482,823	370,849,005	362,297,000	343,861,628

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		11,747,623		11,747,623
b Buildings		459,508,119	308,217,634	151,290,485
c Leasehold improvements		17,650,866	4,243,373	13,407,493
d Equipment		281,001,987	232,882,216	48,119,771
e Other		1,850,878	0	1,850,878
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				226,416,250

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

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

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

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

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

(a) Description	(b) Book value
(1) BENEFICIAL INT IN PERP TRUST	8,262,973
(2) DUE FROM RELATED PARTIES	3,496,598,546
(3) UNAMORTIZED LOAN DISCOUNT	10,378,532
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	3,515,240,051

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DUE TO RELATED PARTIES	3,434,884,553
SELF INSURANCE RESERVES	32,597,654
INTEREST SWAPS	24,302,455
OTHER DEFERRALS	2,509,980
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	3,494,294,642

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
SCHEDULE D, PART V, LINE 4	INTENDED USES FOR ENDOWMENT FUNDS ASSETS LIMITED AS TO USE PRIMARILY INCLUDE ASSETS UNDER INDENTURE AGREEMENTS AND DESIGNATED ASSETS SET ASIDE BY THE BOARD OF DIRECTORS FOR FUTURE CAPITAL ACQUISITIONS THE BOARD RETAINS CONTROL OF DESIGNATED ASSETS AND MAY AT ITS DISCRETION SUBSEQUENTLY USE THESE ASSETS FOR OTHER PURPOSES
SCHEDULE D, PART X, LINE 2	ASC 740 FOOTNOTE (FKA FIN 48) PHC ACCOUNTS FOR INCOME TAXES UNDER THE PROVISIONS OF THE INCOME TAXES TOPIC OF THE ASC (ASC 740) UNDER THE REQUIREMENTS OF ASC 740, TAX-EXEMPT ORGANIZATIONS MAY BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS THERE WERE NO MATERIAL UNCERTAIN TAX POSITIONS AT JUNE 30, 2014 AND 2013

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Piedmont Hospital Inc

Employer identification number
58-0566213

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			10,476,615	0	10,476,615	1 460 %
b Medicaid (from Worksheet 3, column a)			24,365,587	18,166,091	6,199,496	0 860 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			9,535,431	2,018,646	7,516,785	1 050 %
d **Total** Financial Assistance and Means-Tested Government Programs			44,377,633	20,184,737	24,192,896	3 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			463,037	0	463,037	0 060 %
f Health professions education (from Worksheet 5)			4,456,054	0	4,456,054	0 620 %
g Subsidized health services (from Worksheet 6)			339,704	0	339,704	0 050 %
h Research (from Worksheet 7)			1,264,604	0	1,264,604	0 180 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			388,370	0	388,370	0 050 %
j **Total.** Other Benefits			6,911,769	0	6,911,769	0 960 %
k **Total.** Add lines 7d and 7j			51,289,402	20,184,737	31,104,665	4 330 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other			20,281	0	20,281	
10 **Total**			20,281	0	20,281	

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	73,842,511		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	2,215,275		
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	166,638,645
6	Enter Medicare allowable costs of care relating to payments on line 5	6	191,282,146
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-24,643,501
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 PIEDMONT ORTHOPAEDIC	Orthopedic Surgery	15 000 %		85 000 %
2 Digestive Healthcare	Endo/GI Surgery	15 000 %		85 000 %
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 PIEDMONT 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) _____

			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 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) www.piedmonthospital.org			
b	☐ Other website (list url) _____			
c	☑ Available upon request from the hospital facility			
d	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $_____			

Part V Facility Information *(continued)*

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

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? _____

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 1	1 REQUIRED DESCRIPTIONS PUBLIC AVAILABILITY OF COMMUNITY BENEFIT REPORT SCHEDULE H, PART I, LINE 6A A REPORT ON PIEDMONT HOSPITAL, INC'S ("PH") COMMUNITY BENEFITS IS FOUND WITHIN PIEDMONT HEALTHCARE, INC'S (PIEDMONT HOSPITAL'S SOLE MEMBER) ANNUAL REPORT, WHICH IS WIDEL Y DISTRIBUTED TO THE PUBLIC BOTH THROUGH PRINTED COPIES MADE AVAILABLE TO COMMUNITY MEMBER S UPON REQUEST AND THROUGH PUBLICATION ON THE PIEDMONT HEALTHCARE WEBSITE ADDITIONALLY, T HE REPORT WAS MAILED TO PH AND PIEDMONT HEALTHCARE BOARD MEMBERS, STATE AND LOCAL ELECTED OFFICIALS, AND OTHER KEY STAKEHOLDERS PERCENT OF TOTAL EXPENSE SCHEDULE H, PART I, LINE 7 (F) THE DENOMINATOR USED FOR THE CALCULATION OF COLUMN (F), PERCENT OF TOTAL EXPENSE, WAS THE AMOUNT OF TOTAL FUNCTIONAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) of $792, 670,631, LESS BAD DEBT EXPENSE OF $73,842,511 FROM FORM 990, PART IX, LINE 24(B) FINANCIA L ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST SCHEDULE H, PART I, LINE 7 A RAT IO OF PATIENT CARE COST TO CHARGES, CONSISTENT WITH WORKSHEET 2, WAS USED TO REPORT THE AM OUNTS IN PART I, LINES 7A-7D FOR AMOUNTS ON LINES 7E-7K, ACTUAL EXPENSES FOR EACH COMMUNI TY BENEFIT ACTIVITY ARE TRACED AND REPORTED USING THE ORGANIZATION'S COST ACCOUNTING SYSTE M COMMUNITY BUILDING ACTIVITIES SCHEDULE H, PART II PIEDMONT HOSPITAL PROVIDED EDUCATION AROUND CERTAIN PUBLIC HEALTH ISSUES (E G OBESITY) AND PROVIDED SPECIFIC TOOLS TO HELP ENA BLE COMMUNITY GROUPS AND COALITIONS TO BEST ADDRESS THOSE ISSUES THESE TOOLS INCLUDE GENE RAL EDUCATIONAL MATERIALS AS WELL AS INFORMATION SPECIFIC TO THE LOCAL COMMUNITY, SUCH AS SUGGESTIONS FOR ACTIVITIES AND ACTIONS THE COMMUNITY COULD UNDERTAKE TO HELP ITS RESIDENTS BECOME MORE ACTIVE AND EMPOWERED IN THEIR HEALTH BAD DEBT EXPENSE CALCULATION AND FOOTNO TE SCHEDULE H, PART III, LINE 4 BASED ON PRIOR EXPERIENCE AND CERTAIN DEMOGRAPHICS AND OTH ER INFORMATION OBTAINED DURING ADMISSION, THE ORGANIZATION BELIEVES A PORTION OF THE BAD D EBT EXPENSES AT COST IS ATTRIBUTABLE TO PATIENTS THAT WOULD OTHERWISE QUALIFY FOR CHARITY CARE DESPITE ITS BEST EFFORTS TO EDUCATE PATIENTS ABOUT QUALIFYING FOR ITS CHARITY CARE P ROGRAM (AS DISCUSSED IN PART IV, QUESTION 3 BELOW), MANY UNINSURED PATIENTS DO NOT COMPLET E A CHARITY CARE APPLICATION OR PROVIDE SUFFICIENT INFORMATION AT THE TIME OF ADMISSION, D URING THEIR STAY, OR AFTER BEING DISCHARGED TO QUALIFY FOR ASSISTANCE UNDER THE ORGANIZATI ON'S CHARITY CARE POLICY THE AMOUNT REPORTED ON PART III, LINE 3, WAS DETERMINED BY TAKIN G THE AVERAGE ACCEPTANCE RATE FOR ALL CHARITY CARE APPLICATIONS RECEIVED DURING THE YEAR M ULTIPLIED BY THE NUMBER OF DENIALS THAT WERE ATTRIBUTABLE TO INSUFFICIENT INFORMATION THA T TOTAL WAS THEN ADJUSTED DOWNWARD FOR THE ORGANIZATION'S USE OF PRESUMPTIVE ELIGIBILITY W HEN DETERMINING ITS COMMUNITY BENEFITS BAD DEBT EXPENSE FOOTNOTE FROM CONSOLIDATED, AUDIT ED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL WRITE-O FF EXPERIENCE BY PAYER CATEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODI FICATIONS TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLE CTIBLE RECEIVABLES PHC'S PRESENTATION OF THE PROVISION FOR BAD DEBT AT THE REPORTING ENTI TY LEVEL IS BASED ON AN ENTITY-WIDE ASSESSMENT OF SIGNIFICANCE PH PROVIDES CARE TO PATIEN TS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LE SS THAN ITS ESTABLISHED RATES AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE ARE NOT REPOR TED AS REVENUE MEDICARE SHORTFALLS AS COMMUNITY BENEFIT SCHEDULE H, PART III, LINE 8 THE AMOUNT REPORTED ON PART III, SECTION B, LINE 6 WAS CALCULATED IN ACCORDANCE WITH THE SCHED ULE H INSTRUCTIONS AND UTILIZING THE ORGANIZATION'S ALLOWABLE MEDICARE COST AS REPORTED IN THE MEDICARE COST REPORT, WHICH IS BASED ON A COST TO CHARGE RATIO HOWEVER, THE ALLOWABL E COSTS IN THE MEDICARE COST REPORT DO NOT REFLECT THE ACTUAL COST OF PROVIDING CARE TO PA TIENTS SINCE THE MEDICARE COST REPORT EXCLUDES MANY DIRECT PATIENT CARE COSTS THAT ARE ESS ENTIAL TO PROVIDING QUALITY HEALTHCARE FOR MEDICARE PATIENTS FOR EXAMPLE, CERTAIN COVERAG E FEES TO PHYSICIANS, COST OF MEDICARE C AND D, AND OTHER SIMILAR DIRECT PATIENT CARE EXPE NSES ARE SPECIFICALLY EXCLUDED FROM ALLOWABLE COST IN THE MEDICARE COST REPORT THE ORGANI ZATION BELIEVES THAT PIEDMONT HOSPITAL'S MEDICARE SHORTFALL REPORTED ON PART III, LINE 7 O F SCHEDULE H, SHOULD BE CONSIDERED A COMMUNITY BENEFIT AS THE IRS COMMUNITY BENEFIT STANDA RD INCLUDES THE PROVISION OF CARE TO ELDERLY AND MEDICARE PATIENTS IRS REVENUE RULING 69- 545 PROVIDES, IN PART, THAT HOSPITALS SERVING PATIENTS WITH GOVERNMENTAL HEALTH INSURANCE, SUCH AS MEDICARE, IS AN INDICATION THE HOSPITAL O

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 1	PERATES TO PROMOTE HEALTH IN THE COMMUNITY ADDITIONALLY, MEDICARE ACCOUNTED FOR 21 06 PER CENT OF PH'S PATIENT SERVICE REVENUE PH'S POLICY IS TO TREAT MEDICARE PATIENTS, REGARDLES S OF THE EXTENT TO WHICH MEDICARE ACTUALLY PAYS FOR THE TREATMENT FOR MANY SERVICES, MEDI CARE'S REIMBURSEMENT IS LESS THAN THE COST OF THE CARE PROVIDED, RESULTING IN SHORTFALLS T HAT ARE TO BE ABSORBED BY THE HOSPITAL IN HONOR OF PH'S COMMITMENT TO TREAT ELDERLY PATIEN TS MANY OF THESE PATIENTS LIVE ON A LOW, FIXED INCOME, AND WOULD QUALIFY FOR FINANCIAL AS SISTANCE OR OTHER MEANS-TESTED PROGRAMS, ABSENT THEIR ENROLLMENT IN MEDICARE COLLECTION P RACTICES SCHEDULE H, PART III, LINE 9(B) INITIAL SCREENINGS OF ALL INPATIENT, EMERGENCY, A ND SURGERY ENCOUNTERS, AS WELL AS MOST OUTPATIENT VISITS, ARE CONDUCTED BY FINANCIAL COUNS ELORS IN ORDER TO IDENTIFY ANY AVAILABLE INSURANCE OR OTHER COVERAGE FOR EACH PATIENT COU NSELORS CONTACT PATIENTS AND THEIR FAMILIES DIRECTLY, EITHER IN PERSON OR BY LETTER, TO AS SIST THE FAMILY IN IDENTIFYING ANY PROGRAMS FOR WHICH THE PATIENT/SERVICE MAY QUALIFY (INC LUDING MEDICAID, STATE CHILDREN'S HEALTH INSURANCE PROGRAM ("SCHIP"), PRIVATE OR GOVERNMEN T INSURANCE COVERAGE, AND CHARITY ASSISTANCE) IF THE FAMILY CANNOT BE TIMELY LOCATED OR I S UNCOOPERATIVE, RELATED ACCOUNTS ARE TRANSFERRED TO AN INTERNAL COLLECTION DEPARTMENT FOR FURTHER ATTEMPTS TO OBTAIN PAYMENT OR, IF THE PATIENT MAY QUALIFY FOR ASSISTANCE, TO SECU RE A FINANCIAL ASSISTANCE APPLICATION THE ORGANIZATION'S DEBT COLLECTION POLICY AND PROCE DURES PROHIBIT ANY COLLECTION EFFORTS FOR THE PORTION OF A PATIENT ACCOUNT BALANCE THAT QU ALIFIES FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY COMMUNITY R EPRESENTATION SCHEDULE H, PART V, LINE 3 PIEDMONT HOSPITAL'S MOST RECENT CHNA WAS CONDUCTE D IN PARTNERSHIP WITH THE HAYSLETT GROUP, THE LEAD CONVENER OF GEORGIA'S PARTNER UP FOR PU BLIC HEALTH CAMPAIGN THE OVERALL HEALTH NEEDS ASSESSMENT EFFORT WAS LED BY THE PIEDMONT H EALTHCARE COMMUNITY BENEFITS TEAM, AND ASSISTED BY COMMUNITY HEALTH ADVISORS (FOR STAKEHOL DER INTERVIEWS) STAKEHOLDERS WERE CONTINUALLY ENGAGED DURING THIS PROCESS, WITH A PARTICU LAR FOCUS ON THOSE GROUPS, ORGANIZATIONS, AND INDIVIDUALS REPRESENTING THE MOST VULNERABLE MEMBERS OF THE HOSPITAL'S COMMUNITY SPECIFICALLY, PIEDMONT HOSPITAL INTERVIEWED REPRESEN TATIVES OF LOCAL AND REGIONAL PUBLIC HEALTH ENTITIES, MINORITY POPULATIONS, THE FAITH-BASE D COMMUNITIES, LOCAL BUSINESS OWNERS, THE PHILANTHROPIC COMMUNITY, MENTAL HEALTH AGENCIES, ELECTED OFFICIALS, AND OTHER RELEVANT COMMUNITY STAKEHOLDERS ADDITIONALLY, THE HOSPITAL CONDUCTED TWO FOCUS GROUPS MADE UP OF LOW-INCOME AND UNINSURED PATIENTS, AS WELL AS CONSUM ER AND PATIENT ADVOCATES REPRESENTING A VARIETY OF VULNERABLE PATIENTS ALL INTERVIEWS, FO CUS GROUPS AND MEETINGS INFORMED THE CHNA PROCESS, INCLUDING THE IDENTIFICATION OF KEY HEA LTH PRIORITIES AND DEVELOPMENT OF IMPLEMENTATION PLAN STRATEGIES PUBLIC AVAILABILITY OF C HNA SCHEDULE H, PART V, LINE 5C IN ADDITION TO MAKING ITS CHNA AVAILABLE ON ITS WEBSITE AN D BY REQUEST, PIEDMONT HOSPITAL SENT A COPY TO EACH PARTICIPANT IN THE CHNA (ABOUT 200 PEO PLE), DISTRIBUTED THE ASSESSMENT TO COMMUNITY CENTERS AND OTHER LOCATIONS THAT PRIMARILY S ERVE AN UNINSURED POPULATION, SENT A COPY TO LEGISLATIVE AND ELECTED OFFICIALS, AND WIDELY DISTRIBUTED THE ASSESSMENT TO OTHER PIEDMONT HEALTHCARE HOSPITALS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 2	2 NEEDS ASSESSMENT DURING FISCAL YEAR 2013, PIEDMONT HOSPITAL CONDUCTED AND RATIFIED A FORMAL NEEDS ASSESSMENT AND IMPLEMENTATION PLAN THE ASSESSMENT BEGAN WITH A REVIEW OF PUBLICLY AVAILABLE HEALTH AND SOCIOECONOMIC DATA THAT WAS THEN COMPILED AND ANALYZED BY THE HAYSLETT GROUP, THE LEAD CONVENER OF GEORGIA'S PARTNER UP FOR PUBLIC HEALTH CAMPAIGN THE OVERALL HEALTH NEEDS ASSESSMENT EFFORT WAS LED BY THE PIEDMONT HEALTHCARE COMMUNITY BENEFITS TEAM, AND ASSISTED BY COMMUNITY HEALTH ADVISORS (FOR STAKEHOLDER INTERVIEWS) STAKEHOLDERS WERE CONTINUALLY ENGAGED DURING THIS PROCESS, WITH A PARTICULAR FOCUS ON THOSE GROUPS, ORGANIZATIONS, AND INDIVIDUALS REPRESENTING THE MOST VULNERABLE MEMBERS OF THE HOSPITAL'S COMMUNITY SPECIFICALLY, PIEDMONT HOSPITAL INTERVIEWED REPRESENTATIVES OF LOCAL AND REGIONAL PUBLIC HEALTH ENTITIES, MINORITY POPULATIONS, THE FAITH-BASED COMMUNITIES, LOCAL BUSINESS OWNERS, THE PHILANTHROPIC COMMUNITY, MENTAL HEALTH AGENCIES, ELECTED OFFICIALS, AND OTHER RELEVANT COMMUNITY STAKEHOLDERS ADDITIONALLY, THE HOSPITAL CONDUCTED TWO FOCUS GROUPS MADE UP OF LOW-INCOME AND UNINSURED PATIENTS, AS WELL AS CONSUMER AND PATIENT ADVOCATES REPRESENTING A VARIETY OF VULNERABLE PATIENTS ALL INTERVIEWS, FOCUS GROUPS AND MEETINGS INFORMED THE CHNA PROCESS, INCLUDING THE IDENTIFICATION OF KEY HEALTH PRIORITIES AND DEVELOPMENT OF IMPLEMENTATION PLAN STRATEGIES THE PIEDMONT HOSPITAL BOARD OF DIRECTORS APPROVED THIS COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION PLAN TO ADDRESS IDENTIFIED HEALTH ISSUES ON MAY 21, 2013 DURING FISCAL YEAR 2014, PIEDMONT HOSPITAL UPDATED ITS CHNA TO INCLUDE THE LATEST AVAILABLE DATA AND IT CONVERTED THE DESIGN FROM A STANDARD REPORT TO AN INFOGRAPHIC IN ORDER TO INCREASE READABILITY THE INFOGRAPHIC WAS ALSO UPDATED WITH COMMUNITY BENEFIT PROGRAMS IMPLEMENTED IN FISCAL YEAR 2014

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 3	3 PATIENT EDUCATION OF ASSISTANCE ELIGIBILITY PIEDMONT HEALTHCARE UNDERSTANDS THAT NOT EVERYONE WILL HAVE THE ABILITY TO PAY THEIR HOSPITAL BILL DUE TO THEIR INSURANCE STATUS OR A LIMITED INCOME, AND BECAUSE OF THIS, PIEDMONT HOSPITAL OFFERS FINANCIAL ASSISTANCE TO QUALIFYING PATIENTS INFORMATION ABOUT AND CONTACT NUMBERS FOR FINANCIAL ASSISTANCE ARE PROVIDED IN NOTICES INSERTED IN PATIENT BILLS AND POSTED IN EMERGENCY ROOMS, IN THE CONDITIONS OF ADMISSION FORM, AT ADMITTING AND REGISTRATION DEPARTMENTS, AT HOSPITAL BUSINESS OFFICES, AT PATIENT FINANCIAL SERVICES OFFICES THAT ARE LOCATED ON FACILITY CAMPUSES, AND AT OTHER PUBLIC PLACES THE HOSPITAL MAY ELECT, INCLUDING LOCAL LOW-COST CLINICS PRIMARILY TREATING UNINSURED POPULATIONS PIEDMONT HOSPITAL ALSO PUBLISHES AND WIDELY PUBLICIZES A SUMMARY OF THIS FINANCIAL ASSISTANCE CARE POLICY ON ITS FACILITY WEBSITE, WHICH INCLUDES A LINK TO THE FULL POLICY AND APPLICATION REFERRAL OF PATIENTS FOR FINANCIAL ASSISTANCE MAY BE MADE BY ANY STAFF OR MEDICAL STAFF MEMBER AT THE HOSPITAL, INCLUDING PHYSICIANS, NURSES, FINANCIAL COUNSELORS, SOCIAL WORKERS, CASE MANAGERS, CHAPLAINS, AND RELIGIOUS SPONSORS A REQUEST FOR FINANCIAL ASSISTANCE MAY BE MADE BY THE PATIENT OR A FAMILY MEMBER, CLOSE FRIEND, OR ASSOCIATE OF THE PATIENT, SUBJECT TO APPLICABLE PRIVACY LAWS FINANCIAL ASSISTANCE MAY BE MADE BY THE PATIENT OR A FAMILY MEMBER, CLOSE FRIEND, OR ASSOCIATE OF THE PATIENT, SUBJECT TO APPLICABLE PRIVACY LAWS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 4	4 COMMUNITY INFORMATION PIEDMONT HOSPITAL IS LOCATED IN FULTON COUNTY IN 2014, APPROXIMATELY 977,773 PEOPLE LIVED IN FULTON COUNTY AND ABOUT 27 PERCENT OF ADULTS WERE UNINSURED APPROXIMATELY 14 PERCENT OF THE OVERALL ADULT POPULATION IN FULTON COUNTY REPORTED THEY WERE UNABLE TO SEE A DOCTOR IN 2014 DUE TO COST, AND 11 PERCENT REPORTED THEY WERE IN POOR OR FAIR HEALTH, WHICH IS LOWER THAN THE STATE AVERAGE OF 16 PERCENT THERE WAS ONE PRIMARY CARE DOCTOR FOR EVERY 1,039 RESIDENTS IN FULTON COUNTY NEARLY EIGHT PERCENT OF ADULT RESIDENTS HAVE BEEN DIAGNOSED WITH DIABETES, WHICH IS LOWER THAN GEORGIA'S AVERAGE OF 10 PERCENT APPROXIMATELY 17 PERCENT OF ADULTS AND 22 9 PERCENT OF CHILDREN IN FULTON COUNTY LIVE BELOW THE POVERTY LEVEL IN BOTH FULTON COUNTY AND THE STATE OF GEORGIA, 51 PERCENT OF CHILDREN QUALIFY FOR FREE LUNCH THE UNEMPLOYMENT RATE IN FULTON IS 9 6 PERCENT, WHICH IS ABOVE THE STATE RATE OF NINE PERCENT FULTON COUNTY HAS A HIGH SCHOOL GRADUATION RATE OF 90 2 PERCENT, WHICH IS HIGHER THAN GEORGIA'S AVERAGE OF 84 4 PERCENT VIOLENCE IS A SIGNIFICANT ISSUE IN FULTON COUNTY, WHERE CRIME RATES SOAR ABOVE BOTH STATE AND NATIONAL BENCHMARKS IN 2014, THERE WERE 841 VIOLENT CRIME INCIDENTS PER EVERY 100,000 RESIDENTS, WHICH IS MORE THAN DOUBLE THE STATE AVERAGE MENTAL HEALTH IS ALSO AN ISSUE IN FULTON COUNTY THERE IS ONLY ONE MENTAL HEALTH PROVIDER FOR EVERY 758 COUNTY RESIDENTS AND FULTON RESIDENTS REPORT AN AVERAGE OF 2 7 "POOR MENTAL HEALTH DAYS IN A GIVEN MONTH" HEART DISEASE AND HYPERTENSION ARE MAJOR ISSUES FOR FULTON COUNTY THERE ARE APPROXIMATELY 1440 HEART DISEASE-RELATED DEATHS IN FULTON COUNTY EACH YEAR AND 28 PERCENT OF ADULTS IN THE COUNTY HAVE BEEN DIAGNOSED WITH HIGH BLOOD PRESSURE IN ADDITION, ONE IN FIVE ADULTS ARE NOTABLY PHYSICALLY INACTIVE AND ONE IN FOUR IS OBESE ACCESS TO HEALTHY FOODS COULD BE AN ISSUE AS ABOUT SIX PERCENT OF FULTON COUNTY'S POPULATION DOES NOT LIVE WITHIN CLOSE PROXIMITY OF A GROCERY STORE THAT SELLS FRESH FRUIT AND VEGETABLES, AND APPROXIMATELY HALF OF THE COUNTY'S RESTAURANTS ARE FAST FOOD ESTABLISHMENTS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5	5 PROMOTION OF COMMUNITY HEALTH PIEDMONT HOSPITAL ACTIVELY PROMOTES THE HEALTH OF ITS COMMUNITY THROUGH COMMUNITY-BASED HEALTH SCREENINGS, EDUCATIONAL ACTIVITIES, THE OPERATION OF A 24-HOUR EMERGENCY DEPARTMENT AVAILABLE TO THE ENTIRE COMMUNITY, THE OPERATION OF AN EMERGENCY ROOM OPEN TO ALL MEMBERS OF THE COMMUNITY WITHOUT REGARD TO ABILITY TO PAY, A GOVERNANCE BOARD COMPOSED OF COMMUNITY MEMBERS, USE OF SURPLUS REVENUE FOR FACILITIES IMPROVEMENT, PATIENT CARE, AND MEDICAL TRAINING, EDUCATION, AND RESEARCH, THE PROVISION OF INPATIENT HOSPITAL CARE FOR ALL PERSONS IN THE COMMUNITY ABLE TO PAY, INCLUDING THOSE COVERED BY MEDICARE AND MEDICAID, AND AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL QUALIFYING PHYSICIANS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 6	6 AFFILIATED HEALTH CARE SYSTEM THE ORGANIZATION IS PART OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM ("SYSTEM") SERVING THE HEALTHCARE NEEDS OF NORTH GEORGIA AND, SPECIFICALLY, THE METROPOLITAN ATLANTA AREA THE SYSTEM EXISTS TO PROVIDE PROGRESSIVE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE TO ALL MEMBERS OF ITS COMMUNITY COMMUNITY BENEFITS ARE GENERATED THROUGH THE PROVISION OF CHARITY CARE, GOVERNMENT-SPONSORED PROGRAMS (SUCH AS MEDICAID AND MEDICARE), MEDICAL RESEARCH, MEDICAL EDUCATION, COMMUNITY HEALTH IMPROVEMENT SERVICES, DONATIONS TO OTHER NONPROFIT HEALTH CARE PROVIDERS, AND MANY OTHER COMMUNITY SERVICE ACTIVITIES IN FISCAL YEAR 2014, THE PIEDMONT HEALTHCARE SYSTEM INCLUDED FIVE FULL-SERVICE HOSPITALS, A PHILANTHROPIC FOUNDATION, A CARDIOVASCULAR RESEARCH INSTITUTE, A PHYSICIAN NETWORK, AMBULATORY SURGERY CENTERS, AND OTHER HEALTH CARE PROVIDERS, ALL OF WHICH FALL UNDER THE COMMON CONTROL OF PIEDMONT HEALTHCARE, INC , PIEDMONT HOSPITAL'S SOLE MEMBER THE SYSTEM'S FIVE HOSPITALS ARE PIEDMONT HOSPITAL, A 488-BED ACUTE TERTIARY CARE FACILITY IN ATLANTA, PIEDMONT FAYETTE HOSPITAL, A 157-BED, ACUTE-CARE COMMUNITY HOSPITAL IN FAYETTEVILLE, PIEDMONT MOUNTAINSIDE HOSPITAL, A 42-BED COMMUNITY HOSPITAL IN JASPER, PIEDMONT NEWNAN HOSPITAL, A 136-BED, ACUTE-CARE COMMUNITY HOSPITAL IN NEWNAN, AND PIEDMONT HENRY HOSPITAL, A 215-BED ACUTE-CARE COMMUNITY HOSPITAL IN STOCKBRIDGE AS PART OF THE PIEDMONT HEALTHCARE SYSTEM, CERTAIN AFFILIATES MAKE GRANTS AND/OR CONTRIBUTIONS TO OTHER RELATED NONPROFIT AFFILIATES TO HELP FINANCIALLY SUPPORT AND/OR FUND WORTHY COMMUNITY BENEFITS ACTIVITIES

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 7	7 STATE OF FILING OF COMMUNITY BENEFIT REPORT PIEDMONT HOSPITAL IS NOT REQUIRED TO FILE A COMMUNITY BENEFIT REPORT, HOWEVER THE HOSPITAL IS REQUIRED TO FILE WITH THE GEORGIA DEPARTMENT OF COMMUNITY HEALTH INFORMATION ON ITS INDIGENT AND CHARITY CARE, AS WELL AS ITS MEDICAID AND MEDICARE SHORTFALLS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CHICK-FIL-A BOWL 5200 BUFFINGTON ROAD ATLANTA,GA 30349	58-1052332	501(c)(3)	15,182				SPONSORSHIP
(2) HOLY INNOCENTS EPISCOPAL SCHOOL 805 MOUNT VERNON HIGHWAY NW Atlanta,GA 30327	58-2193505	501(c)(3)	10,000				SPONSORSHIP

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Tuition Reimbursement	63	144,276			
(2) TUITION REIMBURSEMENT	1	6,066			

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
SCHEDULE I, PART I, LINE 2	MONITORING THE USE OF GRANT FUNDS SPONSORSHIPS MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH PRIMARILY PROMOTE HEALTH CARE CAUSES OCCASIONALLY, MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH ARE NOT HEALTHCARE ORGANIZATIONS THESE ORGANIZATIONS PROMOTE OTHER WORTHY CAUSES IN THE SURROUNDING COMMUNITY THE GRANTS ARE ADMINISTERED THROUGH THE ORGANIZATION'S PUBLIC RELATIONS DEPARTMENT TUITION REIMBURSEMENT THE ORGANIZATION'S HUMAN RESOURCES DEPARTMENT APPROVES REQUESTS FOR TUITION REIMBURSEMENT IF THERE IS A QUESTION CONCERNING THE JOB RELATEDNESS OF A COURSE, THE DIRECTOR OF HUMAN RESOURCES WILL CONSULT THE EDUCATION DIRECTOR AND THE INDIVIDUAL APPLICANT'S DEPARTMENT DIRECTOR TOGETHER THEY WILL MAKE A RECOMMENDATION THE DIRECTOR OF HUMAN RESOURCES WILL HAVE RESPONSIBILITY FOR ASSURING THAT THE TUITION REIMBURSEMENT REQUEST MEETS THE STANDARDS SET FORTH IN THE ORGANIZATION'S TUITION REIMBURSEMENT POLICY STATEMENT IF THE EMPLOYEE DISAGREES WITH THE DIRECTOR OF HUMAN RESOURCES' EVALUATION, THE EMPLOYEE MAY TAKE THE REQUEST TO HIS/HER ADMINISTRATIVE REPRESENTATIVE FINAL APPROVAL FOR ELIGIBILITY OF TUITION REIMBURSEMENT RESTS WITH ADMINISTRATION

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
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
SCHEDULE J, PART I, LINE 1A	OTHER COMPENSATION ITEMS THE FOLLOWING EMPLOYEES EACH RECEIVED A DISCRETIONARY SPENDING ACCOUNT IN THE FIXED AMOUNT OF $11,769 SPENDING ACCOUNTS WERE INCLUDED IN THE EMPLOYEES' TAXABLE WAGES LESLIE DONAHUE WILLIAM KNOPF EDWARD LOVERN THOMAS ARNOLD
SCHEDULE J, PART I, LINE 3	COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR THE COMPENSATION FOR THE PRESIDENT/CEO OF PIEDMONT HOSPITAL IS SET BY THE ENTITY'S PARENT, PIEDMONT HEALTHCARE, INC PLEASE SEE THE SCHEDULE O NARRATIVE FOR FORM 990, PART VI, SECTION B, LINE 15A & 15B FOR ADDITIONAL INFORMATION
SCHEDULE J, PART I, LINE 4A	SUPPLEMENTAL COMPENSATION INFORMATION MR WILLIAM KNOPF RECEIVED A SEVERANCE PAYMENT IN THE AMOUNT OF $359,615 DURING CALENDAR YEAR 2013
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL COMPENSATION INFORMATION CHARLIE HALL RECEIVED PAYMENTS TOTALING $626,778 FROM HIS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN THE FOLLOWING EMPLOYEES PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN, BUT DID NOT RECEIVE CURRENT YEAR PAYMENTS LESLIE DONAHUE JAY MITCHELL THOMAS ARNOLD MARK COHEN EDWARD LOVERN DENISE RAY
SCHEDULE J, PART I, LINE 7	CERTAIN EMPLOYEES PARTICIPATED IN AN "ANNUAL INCENTIVE PLAN" UNDER WHICH THEY RECEIVED N0N-FIXED BONUS PAYMENTS BASED ON JOB LEVEL AND SEVERAL DIFFERENT PERFORMANCE METRICS

Additional Data

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont Hospital Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Mr Charlie Hall Treasurer	(I) (II)	0 430,535	0 165,124	0 660,925	0 163,138	0 12,253	0 1,431,975	0 626,778
Dr Carol T Aitcheson Board member	(I) (II)	0 519,809	0 0	0 14,609	0 10,200	0 18,911	0 563,529	0 0
Dr Bryant Wilson Board Member/Medical Director	(I) (II)	2,374 412,779	0 101,503	0 31,224	0 10,200	0 13,839	2,374 569,545	0 0
Dr JULIET ASHER Board member	(I) (II)	0 176,614	0 0	0 2,956	0 6,769	0 13,915	0 200,254	0 0
Mr Thomas Arnold CFO	(I) (II)	301,839 0	88,221 0	15,995 0	60,421 0	17,749 0	484,225 0	0 0
Dr Patrick M Battey Board Member	(I) (II)	0 554,729	0 115,062	0 5,505	0 10,200	0 6,457	0 691,953	0 0
Mr Leslie A Donahue President and CEO	(I) (II)	544,464 0	207,848 0	24,833 0	115,569 0	12,418 0	905,132 0	0 0
Dr Adrian Douglass Board Member	(I) (II)	0 257,010	0 500	0 6,015	0 8,916	0 13,604	0 286,045	0 0
Dr William Knopf FORMER Chief Operating Officer	(I) (II)	442,619 0	0 0	426,922 0	10,200 0	4,584 0	884,325 0	0 0
Ms GABRIELLA WHEELER DIRECTOR OF TRANSPLANT LAB	(I) (II)	191,673 0	12,310 0	7,984 0	0 0	14,446 0	226,413 0	0 0
Mr Jay D Mitchell Secretary	(I) (II)	0 417,372	0 160,152	0 16,177	0 95,568	0 15,765	0 705,034	0 0
Mr Jyoti Prempeh VP of Clinical Support Svcs	(I) (II)	180,683 0	28,668 0	714 0	7,084 0	10,189 0	227,338 0	0 0
Mr Mark Cohen Chief Quality Officer	(I) (II)	443,348 0	0 0	89,898 0	22,500 0	11,976 0	567,722 0	0 0
Mr Paul Herd Medical Director	(I) (II)	227,400 3,875	0 0	0 0	8,812 150	0 0	236,212 4,025	0 0
Ms PAULA DEATON-PINYAN DIRECTOR OF CV SERVICES	(I) (II)	167,969 0	16,470 0	27,838 0	3,548 0	8,531 0	224,356 0	0 0
Ms Debbie Gramling Former Secretary	(I) (II)	0 146,311	0 29,015	0 16,355	0 0	0 12,714	0 204,395	0 0
Ms Denise Ray Former Chief Operating Officer	(I) (II)	0 337,782	0 99,255	0 19,197	0 67,133	0 12,418	0 535,785	0 0
MR EDWARD LOVERN COO AS OF 07/28/13	(I) (II)	144,001 270,464	156,853 0	5,630 10,596	0 94,316	3,904 7,375	310,388 382,751	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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	DEVELOPMENT AUTHORITY OF FULTON COUNTY	58-1639487	359900ZX8	11-24-2009	248,554,761	See Part VI - Supplemental Info		X		X		X
B	HOSPITAL AUTHORITY OF FAYETTE COUNTY	58-2629223	31222TAJ2	11-24-2009	79,849,335	See Part VI - Supplemental Info		X		X		X
C	COWETA COUNTY DEVELOPMENT AUTHORITY	58-1057672	223658PW9	10-27-2010	99,459,357	Construct and Equip a New Hospital		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	24,865,000	13,005,000	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	299,999,726	78,404,371	99,459,357	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrows	0	0	0	
7	Issuance costs from proceeds	7,212	1,885	0	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	99,459,357	
11	Other spent proceeds	299,992,514	78,402,486	0	
12	Other unspent proceeds	0	0	0	
13	Year of substantial completion	2009	2009	2012	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X		X			
b	Exception to rebate?		X		X		X		
c	No rebate due?		X		X		X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X			X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
SCHEDULE K, PART I, LINE A	DEVELOPMENT AUTHORITY OF FULTON COUNTY BONDS ISSUED 11/24/2009 ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE DEVELOPMENT AUTHORITY OF FULTON COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 359900ZX8, ISSUE PRICE $166,454,761 (FIXED RATE) SERIES 2009B, CUSIP # 359900ZY6, ISSUE PRICE $70,000,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $62,100,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS

Return Reference	Explanation
SCHEDULE K, PART I, LINE B	HOSPITAL AUTHORITY OF FAYETTE COUNTY BONDS ISSUED 11/24/2009 ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE HOSPITAL AUTHORITY OF FAYETTE COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 31222TAJ2, ISSUE PRICE $36,204,335 (FIXED RATE) SERIES 2009B, CUSIP # 31222TAH6, ISSUE PRICE $36,645,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $7,000,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS

Return Reference	Explanation
SCHEDULE K, PART II, LINE 3, COLUMNS A & B	TOTAL PROCEEDS OF ISSUE THE 2009 BOND ISSUES LISTED IN COLUMNS A & B OF PART I ARE COMBINED ON THE FORM 8038 FILED BY PIEDMONT HOSPITAL HOWEVER, FOR PURPOSES OF SCHEDULE K REPORTING, PIEDMONT HOSPITAL HAS BROKEN OUT THE BOND ISSUED BASED ON THE AUTHORITY (I E FAYETTE OR FULTON) THAT ISSUED THE BONDS CONSEQUENTLY, THE REPORTING IN COLUMNS A & B WILL NOT TIE TO THE FORM 8038 FILED WITH THE IRS AT THE TIME OF ISSUANCE

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART V, LINE 1A	
FORM 990, PART VI, SECTION A, LINE 6	ORGANIZATION'S SOLE MEMBER PIEDMONT HEALTHCARE, INC , (EIN 58-1503902) IS THE SOLE MEMBER OF PIEDMONT HOSPITAL, INC ("PH")
FORM 990, PART VI, SECTION A, LINE 7A	ELECTION OF GOVERNING BODY THE BOARD OF PIEDMONT HEALTHCARE APPOINTS THE MEMBERS OF THE BOARD OF DIRECTORS OF PIEDMONT HOSPITAL
FORM 990, PART VI, SECTION A, LINE 7B	DECISIONS OF GOVERNING BODY PIEDMONT HOSPITAL'S BOARD POLICIES AND DECISIONS MUST BE FILED , IMMEDIATELY AFTER ADOPTION, WITH THE SECRETARY OF THE PIEDMONT HEALTHCARE BOARD OF DIREC TORS SUCH POLICIES AND DECISIONS OF THE PIEDMONT HOSPITAL BOARD OF DIRECTORS ARE NOT SUBJ ECT TO THE APPROVAL OF OR RATIFICATION BY THE PIEDMONT HEALTHCARE BOARD, BUT SHOULD THE NE ED ARISE, THEY MAY BE RESCINDED BY THE PIEDMONT HEALTHCARE BOARD THROUGH A MAJORITY VOTE O F ITS DIRECTORS
FORM 990, PART VI, SECTION B, LINE 11B	990 REVIEW PROCESS INFORMATION NEEDED TO PREPARE PIEDMONT HOSPITAL'S FORM 990 IS COMPILED BY INDIVIDUALS IN THE ORGANIZATION'S FINANCE DEPARTMENT THE INFORMATION IS REVIEWED BY PH 'S CONTROLLER AND VP/CFO THE 990 IS THEN PREPARED INTERNALLY BY PIEDMONT HEALTHCARE, INC 'S TAX DIRECTOR AND SUBMITTED TO AN EXTERNAL TAX PREPARER FOR REVIEW PRIOR TO FILING, COP IES OF FORM 990 ARE PROVIDED TO THE BOARD OF DIRECTORS OF PIEDMONT HEALTHCARE, INC , THE O RGANIZATION'S SOLE MEMBER, FOR BOARD REVIEW
FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICY COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY IS MONITORED AND ENFORCED BY ORGANIZATION MANAGEMENT IN COORDINATION WITH PIEDMONT HEALTH CARE'S CHIEF COMPLIANCE OFFICER ALL SENIOR LEADERS, BOARD MEMBERS, PHYSICIAN EMPLOYEES, N URSE PRACTITIONERS/PHYSICIAN ASSISTANTS AND EMPLOYEES AND NON-EMPLOYEES ENGAGED IN RESEARC H ARE REQUIRED TO ANNUALLY DISCLOSE ALL MATTERS WHICH COULD POTENTIALLY CONSTITUTE A CONFL ICT OF INTEREST MATTERS DISCLOSED UNDER THE POLICY MUST BE REVIEWED IN WRITING BY THE PIE DMONT HEALTHCARE CONFLICT OF INTEREST COMMITTEE IN ORDER TO DETERMINE WHETHER A CONFLICT E XISTS AND, IF SO, WHETHER TO ELIMINATE OR MANAGE THE CONFLICT ALL BOARD MEMBERS AND EMPLO YEES OF PIEDMONT HOSPITAL ARE PROVIDED TRAINING ON CONFLICT OF INTEREST ISSUES, INCLUDING REPORTING REQUIREMENTS, AT NEW-EMPLOYEE ORIENTATION AND AT LEAST ANNUALLY THEREAFTER NONC OMPLIANCE WITH THE CONFLICT OF INTEREST POLICY MUST BE REPORTED TO PIEDMONT HEALTHCARE'S S ENIOR VICE PRESIDENT OF COMPLIANCE FOR INVESTIGATION, AND REMEDIAL STEPS MUST BE TAKEN AS APPROPRIATE UNDER THE PIEDMONT HEALTHCARE DISCIPLINARY POLICIES
FORM 990, PART VI, SECTION B, LINES 15A & 15B	EXECUTIVE COMPENSATION COMPENSATION FOR EXECUTIVES OF PIEDMONT HOSPITAL IS SET BY THE BOAR D OF DIRECTORS OF PIEDMONT HEALTHCARE, INC THE PIEDMONT HEALTHCARE, INC , BOARD OF DIRECT OR'S EXECUTIVE PERFORMANCE AND COMPENSATION COMMITTEE ("THE COMMITTEE") IS COMPOSED OF AT LEAST THREE MEMBERS OF THE PHC BOARD OF DIRECTORS, SERVING TERMS OF THREE YEARS, AND THE M AJORITY OF WHICH ARE COMMUNITY DIRECTORS WHO GENERALLY DO NOT HAVE CONFLICTS OF INTEREST R ELATED TO FULFILLMENT OF THE DUTIES AS OUTLINED BELOW THE EXECUTIVE PERFORMANCE AND COMPE NSATION COMMITTEE ("COMMITTEE") OVERSEES EXECUTIVE PERFORMANCE AND COMPENSATION ON BEHALF OF THE PHC BOARD, SUBJECT TO THE ULTIMATE AUTHORITY AND OVERSIGHT OF THE BOARD THE COMMIT TEE ALSO FORMULATES POLICIES AND MAKES DECISIONS IN ORDER TO ENSURE A HIGH LEVEL OF EXECUT IVE PERFORMANCE THIS COMMITTEE IS AUTHORIZED TO ACT ON BEHALF OF THE PHC BOARD AS SET OUT IN THIS CHARTER, AND THE COMMITTEE IS ALSO CHARGED WITH PROVIDING RECOMMENDATIONS AND PER IODIC REPORTS TO THE PHC BOARD REGARDING EXECUTIVE PERFORMANCE AND COMPENSATION FUNCTIONS OF THE COMMITTEE - ASSESS AND IMPLEMENT POLICIES REGARDING PERFORMANCE, COMPENSATION AND BENEFITS OF THE PRESIDENT/CEO AND OTHER EXECUTIVES AS DETERMINED BY THE COMMITTEE - SELECT AN EXECUTIVE COMPENSATION CONSULTANT WHO REPORTS TO THE COMMITTEE - ANNUALLY REVIEW THE P RESIDENT/CEO SUCCESSION PLAN - FORMULATE AND IMPLEMENT ANNUAL PERFORMANCE OBJECTIVES FOR T HE PRESIDENT/CEO, AND REVIEW AND APPROVE ANNUALLY RECOMMENDATIONS FROM THE PRESIDENT/CEO R ELATING TO COMPENSATION, PERFORMANCE OBJECTIVES, AND SUCCESSION PLANS FOR EVP EXECUTIVES - ANNUALLY ASSESS PRESIDENT/CEO PERFORMANCE, IF NECESSARY, IMPLEMENT ACTION PLAN WITH PRESI DENT/CEO INPUT TO IMPROVE HIS/HER PERFORMANCE, ADJUST COMPENSATION AS APPROPRIATE, THE COM MITTEE CHAIR SHALL CONSULT WITH THE PHC GOVERNANCE COMMITTEE CHAIR AND THE PHC BOARD CHAIR AND SHALL COORDINATE THE ANNUAL PERFORMANCE REVIEW OF THE PHC PRESIDENT/CEO, UNLESS THE P HC BOARD CHAIR HAS A REAL OR PERCEIVED CONFLICT OF INTEREST, IN WHICH CASE THE COMMITTEE C HAIR SHALL DETERMINE THE PROPER REVIEW PROCESS - REVIEW AND APPROVE LONG TERM AND SHORT TE RM GOALS TO BE USED IN CONNECTION WITH EVP COMPENSATION PROGRAMS AS RECOMMENDED BY THE PRE SIDENT/CEO AND VALIDATED BY THE COMPENSATION CONSULTANT - PERIODICALLY REVIEW COMPENSATION , IF ANY, FOR THE PHC BOARD CHAIR AND ALL BOARD CHAIRS OF THE PHC SUBSIDIARIES - ESTABLISH OTHER POLICIES AND PROCEDURES, AND PERFORM OTHER TASKS, RELATED TO EXECUTIVE PERFORMANCE AND COMPENSATION, INCLUDING BUT NOT LIMITED TO, APPROVAL OF EXECUTIVE EMPLOY MENT CONTRACTS AND BENEFITS - PERIODICALLY REPORT SIGNIFICANT DECISIONS AND ANY ADDITIONAL REQUESTED INF ORMATION TO THE PHC BOARD
FORM 990, PART VI, SECTION C, LINE 19	DISCLOSURE OF GOVERNING, CONFLICT OF INTEREST AND FINANCIAL DOCUMENTS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST THESE D OCUMENTS SHOULD BE REQUESTED FROM PIEDMONT HEALTHCARE, INC'S LEGAL COUNSEL
FORM 990, PART XI, LINE 9	RECONCILIATION OF NET ASSETS CHANGES TO NET ASSETS REPORTED ON PART XI, LINE 9 ARE COMPRIS ED OF BOOK/TAX DIFFERENCES OF $(1,143,690) RELATED TO TIMING OF REVENUE RECOGNITION AND NE T CHANGES IN RESTRICTED FUNDS OF $(229,567)

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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) CTMR MANAGEMENT LLC 1968 PEACHTREE RD NW ATLANTA, GA 30309	MEDICAL	GA	0	0	PH
(2) PCL-II LLC 1968 PEACHTREE RD NW ATLANTA, GA 30309	MEDICAL	GA	0	0	PH
(3) PIEDMONT WEST AMBULATORY SURGERY CENTER 1800 Howell Mill Rd Ste 200 ATLANTA, GA 30318 26-4422348	SURGERY	GA	563,092	12,295,451	PH

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) Peachtree OrthopAedic Surgery Center 2001 Peachtree Road NE Suite 705 Atlanta, GA 30309 58-2562721	SURGERY	GA	NA	RELATED	641,632	723,418		No	0		No	15 000 %
(2) Digestive Healthcare of Georgia 95 Collier Road NW suite 4075 Atlanta, GA 303091721 58-2406657	HEALTHCARE	GA	NA	RELATED	386,686	153,884		No	0		No	15 000 %
(3) HENRY RADIATION ONCOLOGY CENTER LLC 275 PROFESSIONAL COURT SUITE A STOCKBRIDGE, GA 30281 58-2200195	HEALTHCARE	GA	NA	N/A	0	0			0			0 %

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) PIEDMONT MEDICAL CARE CORPORATION 2727 PACES FERRY RD SUITE 1-1100 ATLANTA, GA 30339 58-2092768	HEALTHCARE	GA	NA	C-CORP	0	0	0 %		No
(2) THE PIEDMONT CLINIC INC 2727 PACES FERRY ROAD SUITE 1-1100 ATLANTA, GA 30339 58-2005358	HEALTHCARE	GA	NA	C-CORP	0	0	0 %		No
(3) PIEDMONT HEART INSTITUTE PHYSICIANS INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA 30309 26-0593850	HEALTHCARE	GA	NA	C-CORP	0	0	0 %		No
(4) AMSTER MCRAE INSURANCE COMPANY PO BOX 1159 GRAND CAYMAN, GRAND CAYMAN KY1-1102 CJ 98-0427603	Related INSURANCE	CJ	NA	C-CORP	0	0	0 %		No
(5) PIEDMONT WELLSTAR HEALTHPLANS INC 2859 PACES FERRY ROAD SUITE 600 ATLANTA, GA 30339 46-1922499	HEALTH INSURANCE	GA	NA	C-CORP	0	0	0 %		No

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

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

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
SCHEDULE R, PART I, LINE 1	DISREGARDED ENTITIES CTMR MANAGEMENT, LLC, AND PCL-II, LLC, OPERATE AS DEPARTMENTS OF PIEDMONT HOSPITAL AND ARE INCORPORATED INTO THE HOSPITAL'S BOOKS AND RECORDS SEPARATE BOOKS AND RECORDS ARE NOT MAINTAINED FOR THE LIMITED LIABILITY COMPANIES AND ASSETS AND INCOME CANNOT BE READILY DETERMINED AS SUCH, COLUMNS (D) AND (E) IN PART I HAVE BEEN LEFT BLANK FOR THESE TWO ENTITIES

Additional Data

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Piedmont Healthcare INC 1968 PeacHtree Road NW Atlanta, GA 30309 58-1503902	HC Management	GA	501(C)(3)	11 C	NA		No
(1) FAYETTE COMMUNITY HOSPITAL INC 1255 HIGHWAY 154 WEST FAYETTEVILLE, GA 30214 58-2232328	HOSPITAL	GA	501(C)(3)	3	PHC		No
(2) PIEDMONT MOUNTAINSIDE HOSPITAL INC 1266 HIGHWAY 515 SOUTH JASPER, GA 30143 35-2228583	HOSPITAL	GA	501(C)(3)	3	PHC		No
(3) PIEDMONT NEWNAN HOSPITAL INC 745 POPLAR ROAD NEWNAN, GA 30265 20-5077249	HOSPITAL	GA	501(C)(3)	3	PHC		No
(4) PIEDMONT HEALTHCARE FOUNDATION INC 1968 PEACHTREE ROAD NW ATLANTA, GA 30309 58-1272768	FUNDRAISING	GA	501(C)(3)	11 B	PHC		No
(5) PIEDMONT HEART INSTITUTE INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA 30309 26-3553500	HEALTHCARE	GA	501(C)(3)	7	PHC		No
(6) PIEDMONT HENRY HOSPITAL INC 1133 EAGLES LANDING PARKWAY STOCKBRIDGE, GA 30281 58-2200195	Hospital	GA	501(C)(3)	3	PHC		No
(7) HENRY DEVELOPMENT VENTURES INC 1133 EAGLES LANDING PKWY Stockbridge, GA 30281 58-2200734	RE Holding	GA	501(C)(2)	N/A	PHH		No
(8) CENTER FOR HEALTH AND LEARNING INC 3001 MERCER UNIVERSITY DRIVE ATLANTA, GA 30341 26-2442849	EDUCATION	GA	501(C)(3)	11 A	NA		No

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

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Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
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Notes to Consolidated Financial Statements	7

KPMG LLP
Suite 2000
303 Peachtree Street, N E
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Directors
Piedmont Healthcare, Inc and Affiliates

We have audited the accompanying consolidated financial statements of Piedmont Healthcare, Inc and Affiliates, which comprise the consolidated balance sheet as of June 30, 2014, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the 2014 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Piedmont Healthcare, Inc and Affiliates as of June 30, 2014, and the results of their operations and their cash flows for the year then ended in accordance with U S generally accepted accounting principles

Other Matter

The accompanying consolidated financial statements of Piedmont Healthcare, Inc and Affiliates as of June 30, 2013 and for the year then ended were audited by other auditors whose report thereon dated October 25, 2013, except as to note 2*(x)* which is as of September 29, 2014, expressed an unmodified opinion on those financial statements

KPMG LLP

Atlanta, Georgia
September 29, 2014

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Assets		2014	2013
Current assets			
Cash and cash equivalents	$	227,530	160,674
Patient accounts receivable, net of allowance for doubtful accounts of $197,039 and $142,671 in 2014 and 2013, respectively		251,182	246,918
Current portion of self-insurance investments		8,177	6,088
Other current assets		75,896	67,596
Total current assets		562,785	481,276
Investments and assets limited as to use		593,802	510,277
Property and equipment, net		805,515	837,502
Self-insurance investments		32,716	32,980
Beneficial interest in perpetual trust		8,263	8,064
Other assets		118,798	108,837
Total assets	$	2,121,879	1,978,936
Liabilities and Net Assets			
Current liabilities			
Current portion of long-term debt	$	10,425	9,830
Accounts payable and accrued expenses		190,852	189,068
Estimated third-party payor settlements		24,747	28,198
Current portion of self-insurance reserves		24,815	17,029
Total current liabilities		250,839	244,125
Long-term debt, net of current portion		489,038	499,146
Medical office building financing obligation		44,615	44,997
Note payable to a bank		39,519	41,689
Self-insurance reserves		50,048	50,768
Accrued pension cost		42,716	13,407
Other long-term liabilities		76,050	59,971
Total liabilities		992,825	954,103
Net assets			
Unrestricted		1,086,139	981,823
Temporarily restricted		19,932	20,301
Permanently restricted		22,983	22,709
Total net assets		1,129,054	1,024,833
Total liabilities and net assets	$	2,121,879	1,978,936

See accompanying notes to consolidated financial statements

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Operations

Years ended June 30, 2014 and 2013

(In thousands)

	2014	2013
Unrestricted revenue, gains, and other support		
Patient service revenue	$ 1,860,041	1,742,694
Provision for bad debt	(264,747)	(198,870)
Net patient service revenue	1,595,294	1,543,824
Other revenue	62,064	53,288
Total revenue, gains, and other support	1,657,358	1,597,112
Expenses		
Salaries and benefits	884,004	858,042
Supplies and other expenses	592,271	620,837
Depreciation and amortization	94,216	90,580
Interest	25,941	26,423
Total expenses	1,596,432	1,595,882
Operating income	60,926	1,230
Nonoperating income (expense)		
Investment income	83,244	56,755
Loss from equity investment	(12,018)	(3,240)
Change in fair value of interest rate swaps	(2,694)	13,296
Total nonoperating income	68,532	66,811
Excess of revenue, gains, and other support over expenses	129,458	68,041
Net assets released from restrictions used for purchase of property and equipment	2,592	12,375
Pension adjustments	(27,364)	63,920
Other	(370)	(1,196)
Change in unrestricted net assets	$ 104,316	143,140

See accompanying notes to consolidated financial statements

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(In thousands)

		2014	2013
Unrestricted net assets			
Excess of revenues, gains, and other support over expenses	$	129,458	68,041
Net assets released from restrictions used for purchase of property and equipment		2,592	12,375
Pension adjustments		(27,364)	63,920
Other		(370)	(1,196)
Change in unrestricted net assets		104,316	143,140
Temporarily restricted net assets			
Contributions		6,863	12,885
Net assets released from restrictions used for purchase of property and equipment		(2,592)	(12,375)
Net assets released from restrictions used for operations		(4,494)	(2,285)
Other		(146)	330
Change in temporarily restricted net assets		(369)	(1,445)
Permanently restricted net assets			
Contributions		75	—
Change in beneficial interest in perpetual trust		199	125
Other		—	153
Change in permanently restricted net assets		274	278
Change in net assets		104,221	141,973
Net assets at beginning of year		1,024,833	882,860
Net assets at end of year	$	1,129,054	1,024,833

See accompanying notes to consolidated financial statements

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	2014	2013 (Restated)
Operating activities		
Change in net assets	$ 104,221	141,973
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	94,216	90,580
Net unrealized gains on investments	(57,035)	(13,950)
Net realized gains on investments	(11,418)	(18,312)
Change in beneficial interest in perpetual trust	(199)	(125)
Provision for bad debt	264,747	198,870
Pension adjustments	27,364	(63,920)
Change in fair value of interest rate swaps	2,694	(13,296)
Contributions restricted for long-term investment	(6,947)	(12,885)
(Increase) decrease in		
Patient accounts receivable	(269,011)	(238,471)
Other current assets	(8,301)	(4,885)
Other assets	(8,018)	(17,893)
(Decrease) increase in		
Accounts payable and accrued expenses	1,233	18,158
Estimated third-party payor settlements	(3,451)	3,318
Self-insurance reserves	7,063	3,169
Accrued pension cost	1,945	9,689
Other long-term liabilities	11,035	8,348
Net cash provided by operating activities	150,138	90,368
Investing activities		
Purchases of investments and assets limited as to use	(282,058)	(258,401)
Proceeds from sale of investments and assets limited as to use	265,161	230,192
Capital expenditures	(58,758)	(100,834)
Acquisitions, net of cash acquired	(2,674)	(6,500)
Net cash used in investing activities	(78,329)	(135,543)
Financing activities		
Contributions restricted for long-term investment	6,947	12,885
Payments on note payable to a bank	(2,170)	(2,055)
Payments of indebtedness	(9,730)	(9,577)
Net cash (used in) provided by financing activities	(4,953)	1,253
Net increase (decrease) in cash and cash equivalents	66,856	(43,922)
Cash and cash equivalents at beginning of year	160,674	204,596
Cash and cash equivalents at end of year	$ 227,530	160,674
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ 26,438	26,471
Income taxes	1,527	104

See accompanying notes to consolidated financial statements

(1) Organization and General

The Board of Directors of Piedmont Healthcare, Inc and Affiliates (collectively, PHC) appoints the governing boards of

- Piedmont Atlanta Hospital, Inc (Atlanta) Atlanta, located in Atlanta, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of the Atlanta metropolitan area Admitting physicians are primarily practitioners in the local area
- Piedmont Fayette Hospital, Inc (Fayette) Fayette, located in Fayetteville, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Fayette County
- Piedmont Mountainside Hospital, Inc (Mountainside) Mountainside, located in Jasper, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Pickens County
- Piedmont Newnan Hospital, Inc (Newnan) Newnan, located in Newnan, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Coweta County
- Piedmont Henry Hospital (Henry) Henry, located in McDonough, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Henry County
- Piedmont Medical Care Corporation (PMCC) PMCC is a taxable, not-for-profit entity whose purpose is to develop a network of primary care, hospital-based and certain specialty physicians for the benefit of the PHC affiliates
- Piedmont Heart Institute Physicians, Inc (PHIP) PHIP is a taxable, not-for-profit entity whose purpose is to provide an integrated cardiovascular healthcare delivery program for the benefit of the PHC affiliates
- Piedmont Heart Institute, Inc (PHI) PHI is a not-for-profit entity whose purpose is to provide cardiovascular research services for the benefit of the PHC affiliates
- Amster-McRae Insurance Company (AMIC) AMIC was incorporated on December 10, 2003, under the laws of the Cayman Islands AMIC insures the hospital professional liability and commercial general liability risks of PHC and certain PHC affiliates
- Piedmont Clinic, Inc (the Clinic) The Clinic is a physician-hospital organization whose purpose is to negotiate contracts with various managed care payors for the PHC affiliates
- Piedmont West Ambulatory Surgery Center, LLC (the PWASC) The PWASC, located in Atlanta, Georgia, is a multi-specialty ambulatory surgery center Prior to December 2012, the PWASC was 79% owned by Atlanta On November 30, 2012, the PWASC became 100% owned by Atlanta
- Piedmont Healthcare Foundation, Inc (the Foundation) The Foundation's primary purpose is to raise funds for PHC

(2) Significant Accounting and Reporting Policies

A summary of the significant accounting and reporting policies followed by PHC in the preparation of its consolidated financial statements is presented below

(a) Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with U S generally accepted accounting principles and include the accounts of PHC, Atlanta, Fayette, Mountainside, Newnan, Henry, PMCC, PHIP, PHI, AMIC, the Clinic, the PWASC and the Foundation All significant intercompany transactions and accounts have been eliminated in consolidation

(b) Use of Estimates

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

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks, and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use PHC invests cash not required for immediate operating needs principally with major financial institutions with strong credit ratings By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized

(d) Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess of revenue, gains, and other support over expenses unless the income or loss is restricted by donor or law PHC accounts for investment transactions on a settlement-date basis All of PHC's investment portfolio is classified as trading, with unrealized gains and losses included in excess of revenue, gains, and other support over expenses Fair values are based on quoted market prices if available, or estimated using quoted market prices for similar securities PHC invests in alternative investments, which provide PHC with a proportionate share of the fair value of the fund returns PHC accounts for its ownership interests in the alternative investments based upon the equity method Accordingly, PHC's share of the alternative investments' income or loss, both realized and unrealized, is recognized as investment income Alternative investments held by the noncontributory defined benefit plan are accounted for at fair value The cost of substantially all securities sold is based on the average cost method

PHC classifies investments with maturities of less than one year from the balance sheet date when purchased as short-term and investments with maturities of greater than one year from the balance sheet date when purchased as long-term

(e) Assets Limited as to Use

These assets are limited as to use by debt instruments or designations by PHC's governing board for plant replacement, expansion of certain facilities, purchase of equipment, and payment of certain future debt service requirements

(f) Inventory

Inventories are valued at the lower of cost (first-in, first-out method) or market Inventories consist primarily of pharmaceuticals and medical supplies and are recorded within other current assets in the accompanying consolidated balance sheets

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost, with the exception of donated items which are recorded at fair value at the date of donation Expenditures for renewals and improvements are charged to the property accounts For properties sold or retired, the cost and related accumulated depreciation are removed from the property accounts Any resulting gains or losses are included in other revenue Replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are charged to operations Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method The estimated useful lives are 10–25 years for land improvements, 15–40 years for buildings and fixtures, and 3–20 years for equipment

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenue, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

(h) Software and Software Development Costs

Software and software development costs include costs incurred by PHC to develop software for internal use in medical records maintenance, physician order entry, and clinical documentation

Costs of software developed for internal use are accounted for in accordance with the provisions of Accounting Standards Codification (ASC) 350-40, *Internal Use Software* In accordance with ASC 350-40, internal and external costs incurred to develop internal use computer software during the application development stage are capitalized Application development stage costs generally include software configuration, coding, installation of hardware and testing Costs of significant upgrades and enhancements that result in additional functionality are also capitalized

All other costs incurred in connection with an internal software project, including maintenance, minor upgrades, enhancements, and training, are expensed as incurred Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the related software applications (3 – 12 years)

(i) Long-Lived Assets

PHC periodically reviews long-lived assets, such as property and equipment, to determine whether any impairment exists Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at June 30, 2014 and 2013 and no related impairment losses were recognized during the years then ended

(j) Other Assets

Other assets include goodwill of $62,133,000 and $57,236,000 at June 30, 2014 and 2013, respectively In accordance with ASC 350, *Intangibles – Goodwill and Other*, PHC evaluates its goodwill annually for potential impairment No impairment losses on goodwill were recognized for the year ended June 30, 2014 or 2013

(k) Beneficial Interest in Perpetual Trust

PHC is the beneficiary of six separate endowments held in trust by a local bank, with fair values at June 30, 2014 and 2013 aggregating $8,263,000 and $8,064,000, respectively The beneficial interest at June 30, 2014 and 2013 has been recorded in long-term assets at fair value and the change in value has been recorded as a change in permanently restricted net assets

(l) Vacation Policy

PHC accrues employee vacation pay as earned by the employee

(m) Advertising Costs

Advertising costs are expensed as incurred and approximated $4,432,000 and $10,071,000 for the years ended June 30, 2014 and 2013, respectively

(n) Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

(o) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by PHC is restricted by the donor for a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by PHC in perpetuity

(p) Net Patient Service Revenue, Patient Accounts Receivable, and Allowance for Doubtful Accounts

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from their established rates Payment arrangements include prospectively determined rates per

discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue 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

Net patient service revenue is summarized below (In thousands)

	Year ended June 30	
	2014	**2013**
Patient service charges	$ 6,186,755	5,653,784
Less contractual adjustments and other deductions	4,326,714	3,911,090
Patient service revenue	1,860,041	1,742,694
Less provision for bad debt	264,747	198,870
Net patient service revenue	$ 1,595,294	1,543,824

Recognition of patient service revenue (gross charges less contractual adjustments and other deductions) is dependent on factors such as proper completion of medical charts following a patient visit, medical coding of charts and processing charts through PHC's billing systems and verification of patient representations at the time services are rendered as to the payors responsible for payment of PHC's services Patient service revenue is recorded based on the information known at the time of billing and this information is subject to change For example, patient payor information may change following an initial attempt to bill for services due to a change in payor status Such changes in payor status have an impact on recorded net revenue due to differing payors being subject to different contractual provision amounts These changes in patient revenue are recognized in the period that the changes in payor become known

The provision for bad debt is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in healthcare coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category The results of this review are then used to make any modifications to the provision for bad debt to establish an appropriate allowance for uncollectible receivables PHC's presentation of the provision for bad debt at the reporting entity level is based on an entity-wide assessment of significance

Patient service revenue, net of contractual allowances and self-pay discounts and before the provision for bad debt, recognized from major payor sources are as follows (In thousands)

	Year ended June 30	
	2014	2013
Third-party payors, net of contractual allowances	$ 1,693,501	1,570,440
Self-pay patients, net of discounts	166,540	172,254
Patient service revenue	$ 1,860,041	1,742,694

PHC records a provision for bad debt in the period services are provided related to self-pay patients For receivables associated with patients who have third-party coverage, PHC analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debt, if necessary Accounts receivable are written off after collection efforts have been undertaken in accordance with PHC's policies The allowance for doubtful accounts was 44% and 37% of patient accounts receivable after contractual allowances as of June 30, 2014 and 2013, respectively The increase in the allowance for doubtful accounts as a percentage of patient accounts receivable after contractual allowances is primarily due to slower collections on accounts generated in accounts receivable systems which were used prior to PHC's system conversion

(q) Charity Care

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as patient service revenue

(r) Excess of Revenue, Gains, and Other Support over Expenses

The consolidated statements of operations include excess of revenue, gains, and other support over expenses Changes in unrestricted net assets, which are excluded from excess of revenue, gains, and other support over expenses, consistent with industry practice, include pension adjustments and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, are to be used for the purposes of acquiring such assets)

(s) Pledges Receivable and Donor-Restricted Gifts

Unconditional promises to give cash and other assets to PHC are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements Current pledges receivable of $33,000 and $68,000 are included in other current assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013, respectively Long-term pledges receivable

of $289,000 and $169,000 are included in other assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013, respectively

(t) Interest Expense

PHC incurred interest expense in the amount of $25,941,000 and $26,423,000 for the years ended June 30, 2014 and 2013, respectively There was no interest capitalized in 2014 and 2013 Cash paid for interest amounted to $26,438,000 and $26,471,000 for the years ended June 30, 2014 and 2013, respectively

(u) Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record (EHR) technology PHC has recognized approximately $1,094,000 and $787,000 of Medicaid incentive payments and $8,858,000 and $3,179,000 of Medicare incentive payments in other revenue in the accompanying consolidated statements of operations for the years ended June 30, 2014 and 2013, respectively PHC recognizes income related to Medicare and Medicaid incentive payments using a gain contingency model that is based upon when eligible hospitals have demonstrated meaningful use of certified EHR technology for the applicable period and the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available

(v) Income Taxes

Piedmont Healthcare, Inc , Atlanta, Fayette, Mountainside, Newnan, Henry, the Foundation, and PHI are organizations exempt from federal income tax pursuant to Section 501(a), as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and state income tax AMIC is exempt from federal and state income tax pursuant to the laws of the Government of the Cayman Islands There is currently no taxation imposed on income or capital gains by the Government of the Cayman Islands If any form of tax legislation were to be enacted, AMIC has been granted an exemption until the year 2024 PMCC is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2014 and 2013 The Clinic is a taxable, not-for-profit entity that operated in a net income position for financial reporting and tax purposes during the years ended June 30, 2014 and 2013 PHIP is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2014 and 2013 PWASC is a taxable, not-for-profit limited liability company that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2014 and 2013 It has no tax provision as all taxable income or loss is reportable by its partners

At June 30, 2014 and 2013, Atlanta (as it relates to unrelated business income), PMCC, the Clinic, and PHIP had net operating loss carryforwards totaling approximately $404,517,000 and $324,830,000, respectively, which expire at various dates between 2019 and 2033 PMCC, the Clinic, and PHIP had net deferred income tax assets totaling approximately $157,599,000 and $133,946,000 at June 30, 2014 and 2013, respectively The net deferred income tax asset, which

consisted primarily of net operating loss carryforwards and differences relating to allowances for doubtful accounts and accruals, was offset by a full valuation allowance

PHC accounts for income taxes under the provisions of the *Income Taxes* Topic of the ASC (ASC 740) Under the requirements of ASC 740, tax-exempt organizations may be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items There were no material uncertain tax positions at June 30, 2014 and 2013

(w) Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2013 consolidated financial statements to conform to the fiscal year 2014 presentation These reclassifications had no impact on the results of operations, change in net assets or cash flows in the accompanying consolidated financial statements

(x) Restated Statement of Cash Flows

The consolidated statement of cash flows for the year ended June 30, 2013 has been restated to correct an error in the presentation of net realized gains on investments Net realized gains on investments are included as an investing activity in the statement of cash flows to reflect the nature and purpose of PHC's investments and investment earnings for capital needs Net realized gains on investments were previously included as a component of net cash provided by operating activities The reconciliation of the change in net assets to net cash provided by operating activities has been revised to properly reflect the net realized gains on investments as a reconciling item This correction resulted in an $18 3 million decrease in net cash provided by operating activities and an $18 3 million decrease in cash used in investing activities There was no impact on PHC's liquidity, results of operations or cash balance The impact on the operating activities and investing activities sections of the 2013 consolidated statement of cash flows is shown below

		2013 as originally reported	2013 restated
		(in thousands)	
Net cash provided by operating activities	$	108,680	90,368
Net cash used in investing activities		(153,855)	(135,543)

Additionally, purchases and proceeds from sales of investments and assets limited as to use for the year ended June 30, 2013 have been reported on a gross basis, increasing purchases of investments and assets limited as to use and proceeds from the sale of investments and assets limited as to use within the investing activities section of the 2013 consolidated statement of cash flows Previously, these activities were reported on a net basis as an increase in investments and assets limited as to use This error had no effect on the total amount of net cash used in investing activities

(y) Defined Benefit Pension Plan

PHC accounts for its defined benefit pension plan in accordance with ASC 715, *Compensation – Retirement Benefits* ASC 715 requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's overfunded status or a liability for a plan's underfunded status, measure a defined benefit postretirement plan's assets and obligations that determine its funded status at the end of the employer's fiscal year, and recognize changes in the funded status of a defined benefit postretirement plan as a separate line item or items within changes in unrestricted net assets, apart from expenses, in the year in which the changes occur Certain PHC employees participate in PHC's trusteed noncontributory defined benefit pension plan (the Plan) The Plan's benefits are based on a combination of years of service and the employee's compensation PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of Employee Retirement Income Security Act (ERISA) or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary Plan assets consist primarily of common stocks, alternative investments, fixed-income investments, and cash equivalents On September 20, 2012, the PHC Board of Directors and PHC management approved a freeze of the Plan effective December 31, 2014, whereby participants would cease to accrue further benefits

(z) Subsequent Events

PHC evaluated events and transactions occurring subsequent to June 30, 2014 through September 29, 2014, the date the consolidated financial statements were available to be issued During this period there were no subsequent events that required recognition in the consolidated financial statements Additionally, there were no unrecognized subsequent events that required disclosure

(aa) Recent Accounting Pronouncements

In October, 2012 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-05 *Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* This ASU requires not-for-profit entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without the entity imposing any limitations for sale and were converted nearly immediately into cash The ASU was effective for PHC in the fiscal year ending June 30, 2014, and the adoption did not have a material effect on the consolidated financial statements

The FASB issued ASU 2013-04, *Liabilities* (Topic 405), *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*, in February 2013 ASU 2013-04 requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed as the sum of the amount the entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the entity expects to pay on behalf of its co-obligors The ASU is effective for PHC in the fiscal year ending June 30, 2015 ASU 2013-04 is to be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the ASU's scope that exist at the beginning of an entity's fiscal year of

adoption Management has not evaluated the impact of this ASU on its consolidated financial statements

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ASU 2013-11 requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward The ASU is effective for PHC in the fiscal year ending June 30, 2015 The new standard is to be applied prospectively but retrospective application is permitted Management has not evaluated the impact of this ASU on its consolidated financial statements

(3) Acquisitions and Investments in Joint Ventures

(a) Piedmont WellStar HealthPlans, Inc.

In August 2012, PHC formed Phoenix Health Group, Inc (PHG), a wholly owned subsidiary of PHC Effective December 20, 2012, PHC and WellStar Health System (WHS) entered into a letter of intent to establish a jointly owned health insurance company for the purpose of creating Medicare Advantage, commercial, and self-funded products beginning January 1, 2014 On April 9, 2013 PHG, PHC and WHS entered into the Piedmont WellStar HealthPlans Shareholders' Joint Venture Agreement (the JV Agreement) and concurrently PHG's name was changed to Piedmont WellStar HealthPlans, Inc (PWHP) The JV Agreement stated that upon the approval of the Georgia Commissioner of Insurance, PWHP would issue 118,750 shares of common stock of PWHP to WHS for $11,875,000, constituting a fifty percent (50%) interest in PWHP Also, in connection with the JV Agreement, WHS entered into a Loan and Investment Agreement (the Loan Agreement) in the amount of $11,875,000 with PWHP in which WHS loaned that amount to PWHP The Loan Agreement stated that upon approval by the Commissioner of Insurance and satisfaction of all other conditions provided, PWHP shall issue 118,750 shares of common stock of PWHP to WHS in exchange for payment of $11,875,000, which payment shall be made by conversion of the loan The loan was guaranteed by PHC

On June 28, 2013, the Georgia Commissioner of Insurance approved WHS's equity investment in PWHP and at that time the WHS loan was converted to 118,750 shares of PWHP and PHC's guarantee of the loan terminated As a result, PHC and WHS each became 50% owners of PWHP with each entity holding 118,750 shares of PWHP common stock

Included in nonoperating income in the accompanying consolidated statements of operations for the years ended June 30, 2014 and 2013 is a loss of $12,018,000 and $3,240,000, respectively, relating to the operations of PWHP The operations of PWHP are included in the accompanying consolidated financial statements as if PWHP was 50% owned by PHC since its inception in accordance with the single transaction guidance in ASC 810, *Consolidations* PHC's investment in PWHP of $8,672,000 and $8,635,000 as of June 30, 2014 and 2013, respectively, is included in other assets in the accompanying consolidated balance sheets See note 16 for a description of additional transactions between PHC and PWHP

(b) Other Acquisitions

Effective March 3, 2014, PHC acquired certain assets and liabilities of Newnan Regional Radiation Therapy Center, Inc. (NRRT) a radiation oncology center located in Newnan, Georgia for $3,150,000 The purchase price was based upon an independent fair value analysis and has been allocated to the related assets acquired and liabilities assumed based upon their respective fair values The purchase price paid in excess of fair value of identifiable net assets of the acquired entity aggregated approximately $2,582,000 and is recorded as goodwill in the accompanying 2014 consolidated balance sheet The accompanying consolidated financial statements include the accounts and operations of the acquired entity subsequent to the acquisition date

In conjunction with the acquisition of NRRT, PHC also purchased membership interest in three additional radiation oncology centers for an aggregate purchase price of $2,261,000 PHC acquired 25% interest in two centers and increased its membership interest in Henry Radiation Oncology Center, Inc (HROC) from 50% to 60% As a result of the increased ownership in HROC, the accompanying consolidated financial statements include the accounts and operations of HROC subsequent to the acquisition date

Effective May 1, 2013, in order to expand its primary care network, PHC acquired the assets and certain liabilities of Georgia Lung Associates, a physician group consisting of 17 physicians located primarily metropolitan Atlanta, Georgia, for $6,913,000 The purchase price was based upon an independent fair value analysis and has been allocated to the related assets acquired and liabilities assumed based upon their respective fair values The purchase price paid in excess of the fair value of identifiable net assets of these acquired entities aggregated approximately $5,124,000 and is recorded as goodwill in the accompanying consolidated balance sheets The consolidated financial statements include the accounts and operations of the acquired entity subsequent to the acquisition date

(4) Net Patient Service Revenue

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from its established rates A summary of payment arrangements with major third-party payors is as follows

(a) Medicare and Medicaid

PHC renders care to patients covered by the Medicare and Medicaid programs 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 Medicare reimburses for outpatient services based on a prospective outpatient payment system similar to the inpatient system

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment reimbursement methodology Outpatient services are reimbursed under a cost-based methodology PHC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by PHC and audits thereof by the Medicaid fiscal intermediary

Services rendered under these programs are recorded at established rates and reduced to the estimated amount due from the third-party payors through recording of contractual adjustments and

other discounts Because PHC cannot pursue collections for the contractual or discounted amounts, they are not reported as revenue

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 35% and 6%, respectively, of PHC's net patient service revenue for the year ended June 30, 2014 Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 35% and 3%, respectively, of PHC's net patient service revenue for the year ended June 30, 2013 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Net patient service revenue is reported at the estimated net realizable amounts from the Medicare and Medicaid programs for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations

Final settlement has been reached for all Medicare and Medicaid cost reports prior to fiscal year 2011 PHC has recorded amounts due to Medicare and Medicaid of $24,747,000 and $28,198,000 at June 30, 2014 and 2013, respectively, as an estimate of final third-party payor settlements for open cost report years Management recorded a favorable change in estimate related to third-party settlements of $13,410,000 and $5,003,000 for the years ended June 30, 2014 and 2013, respectively The amounts due to Medicare and Medicaid represent management's best estimate of final settlement

(b) Managed Care and Other Payors

PHC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (HMOs), and preferred provider organizations The bases for payments to PHC under these agreements include prospectively determined rates per discharge, discounts from established charges, and daily rates

(c) Georgia Provider Payment Agreement Act

Effective July 1, 2010, the State of Georgia imposed a fee on not-for-profit hospitals based on net revenue levels as defined by the State of Georgia Included in supplies and other expenses in the accompanying consolidated statement of operations for the years ended June 30, 2014 and 2013 is approximately $16,308,000 and $16,355,000, respectively, relating to this fee

(5) Charity Care and Community Benefits

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as revenue or patient accounts receivable in the accompanying consolidated financial statements

PHC maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services furnished under its charity care policy The cost of providing this charity care was estimated to be approximately $32,641,000 and $28,480,000 in the years ended June 30, 2014 and 2013, respectively PHC estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients PHC offers many other wellness and educational services to the community at low

and, in some cases, no cost. Health fairs are held throughout the year at convenient locations, providing various health screenings, such as blood pressure and cholesterol checks. Educational programs are offered for all ages. PHC operates 24-hour emergency rooms that provide care to all patients regardless of ability to pay. The costs for these services are included in operating expenses.

(6) Investments

(a) Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table (In thousands):

		June 30	
		2014	**2013**
Investments internally designated for capital acquisition			
Cash and short-term investments	$	1,077	2,902
Corporate obligations		19,201	16,694
Fixed-income securities		92,079	76,204
Corporate stocks		64,486	86,479
Mutual funds		213,657	186,580
Alternative investments		180,173	120,303
		570,673	489,162
Assets limited as to use			
Cash and short-term investments		44	126
Corporate obligations		778	723
Fixed-income securities		3,732	3,309
Corporate stocks		2,614	3,716
Mutual funds		8,659	8,017
Alternative investments		7,302	5,224
		23,129	21,115
Totals	$	593,802	510,277

(Continued)

(b) Alternative Investments

Alternative investments included in investments and assets limited as to use at June 30, 2014 and 2013 and related net unrealized gains and losses for the years then ended consist of the following (in thousands)

	Fair value June 30		Net unrealized gains year ended June 30	
	2014	2013	2014	2013
Lighthouse Diversified Fund	$ 29,864	26,486	3,379	1,712
Baillie Gifford FDS Fund	26,226	20,487	5,467	2,627
Archipelago Holdings Ltd Offshore Fund	31,533	27,144	(611)	2,253
Titan Masters International Fund	28,294	26,514	1,780	2,202
Clarion Lion Properties ING Fund	19,704	12,396	1,308	396
LSV Emerging Markets Equity Fund	18,623	12,500	2,524	—
Harvest MLP Income II Fund	33,231	—	6,119	—
	$ 187,475	125,527	19,966	9,190

Net unrealized gains are included in investment income in the accompanying consolidated statements of operations

(c) Investment Income

Investment income for investments and assets limited as to use is comprised of the following (In thousands)

	Year ended June 30	
	2014	2013
Interest income	$ 11,787	24,584
Net realized and unrealized gains on investments	68,453	32,262
Other	3,004	(91)
Investment income	$ 83,244	56,755

(Continued)

(7) Property and Equipment

A summary of property and equipment follows (In thousands)

	June 30	
	2014	2013
Land and land improvements	$ 59,446	55,984
Buildings and fixtures	928,148	919,912
Equipment	683,650	624,727
	1,671,244	1,600,623
Less accumulated depreciation	877,933	786,722
	793,311	813,901
Construction in progress	12,204	23,601
Property and equipment, net	$ 805,515	837,502

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 amounted to approximately $94,216,000 and $90,580,000, respectively Amortization of capitalized software costs of approximately $10,285,000 and $6,626,000 is included in depreciation and amortization expense in the accompanying consolidated statements of operations for the years ended June 30, 2014 and 2013, respectively

At June 30, 2014 and 2013, the remaining commitment for software and construction contracts and remodeling PHC's facilities approximated $9,439,000 and $16,714,000, respectively

During fiscal 2012, PHC completed construction of the new Piedmont Newnan hospital In May 2012, the operations of Newnan were transferred to the new hospital At that time, the old hospital building and certain assets that were not transferred to the new building were written down to fair value less estimated cost to sell The building and related assets of $3,890,000 are classified as held for sale and are included in other current assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013 Sale of the assets is expected to occur within one year

In August 2006, Fayette entered into a ground lease with Piedmont Fayette Medical Office Building, LLC (PFB), whereby Fayette is leasing real property to PFB In accordance with ASC 840, *Leases*, Fayette is considered the owner of the Medical Office Building (Fayette MOB) during the construction period and thereafter due to Fayette's continuing involvement in the Fayette MOB Accordingly, the value of the building and the construction notes paid by the developer are included in the accompanying consolidated balance sheets At June 30, 2014 and 2013, the net book value of the Fayette MOB included in buildings and fixtures amounted to approximately $14,365,000 and $14,809,000, respectively, and the related Medical Office Building financing obligation approximated $15,426,000 and $15,955,000, respectively

In August 2005, Atlanta entered into a ground lease with Piedmont Physicians Plaza, L P (PPP), whereby Atlanta is leasing real property to PPP In accordance with ASC 840, Atlanta is considered the owner of the Medical Office Building (Piedmont MOB) during the construction period and thereafter due to

Atlanta's continuing involvement in the MOB Accordingly, the cost of the building and the related financing obligation are included in PHC's consolidated balance sheets At June 30, 2014 and 2013, the net book value of the Piedmont MOB included in buildings and fixtures amounted to approximately $17,058,000 and $18,028,000, respectively, and the related Medical Office Building financing obligation approximated $29,189,000 and $29,042,000, respectively

Capitalized software and software development costs were as follows (In thousands)

	June 30	
	2014	**2013**
Capitalized software	$ 69,130	66,813
Accumulated amortization	14,980	7,466
Capitalized software, net	$ 54,150	59,347

Based on the amortizable capitalized software and software development costs that have been placed into service at June 30, 2014, the estimated amortization expense for the succeeding five fiscal years and thereafter is as follows (In thousands)

Year ending June 30	
2015	$ 8,996
2016	7,973
2017	6,611
2018	6,044
2019	5,071
Thereafter	19,455
	$ 54,150

(Continued)

(8) Long-Term Debt

Long-term debt consists of the following (In thousands)

	June 30	
	2014	2013
Series 2010, fixed interest rates ranging from 4 50% to 5 00%, interest payments due semi-annually, payable through 2045	$ 100,000	100,000
Series 2009A, fixed interest rates ranging from 4 375% to 5 25%, interest payments due semi-annually, payable through 2024	208,140	208,140
Series 2009B, variable interest rates (0 06% and 0 07% at June 30, 2014 and 2013, respectively), interest payments due monthly, payable through 2034	97,380	100,055
Series 2009C, variable interest rates (0 80% and 0 82% at June 30, 2014 and 2013, respectively), interest payments due monthly, payable through 2019	40,495	47,195
Series 2004, stated fixed interest rates ranging from 4 00% to 5 00%, interest payments due semiannually, payable through 2034	59,099	59,772
Unamortized original issue discount, net	(5,651)	(6,186)
	499,463	508,976
Less current maturities	(10,425)	(9,830)
	$ 489,038	499,146

On October 27, 2010, the Coweta County Development Authority issued $100,000,000 in Revenue Bonds Series 2010 (the Series 2010 Bonds) on behalf of PHC The proceeds of the Series 2010 Bonds were used to construct a replacement hospital for Newnan The Series 2010 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its affiliates exclusive of AMIC) which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

On November 24, 2009, the Development Authority of Fulton County and the Hospital Authority of Fayette County issued $304,345,000 and $79,540,000, respectively, ($383,885,000 collectively) in Revenue Bonds Series 2009A, 2009B and 2009C (the Series 2009 Bonds) on behalf of PHC The proceeds of the Series 2009 Bonds were used primarily to redeem previously outstanding Series 2007, Series 2005, Series 2001, and Series 1999 Revenue Bonds and fully repay a line of credit totaling approximately $65,000,000 The Series 2009 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its affiliates exclusive of AMIC) which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

(Continued)

The Series 2009B Bonds may be put to PHC at the option of the bondholder In connection with the Series 2009B Bonds, PHC entered into letter of credit agreements totaling approximately $106,188,000 to secure the Series 2009B Bonds The letters of credit expire November 15, 2015, at which time PHC will be required to either extend the existing letters of credit or obtain an acceptable replacement letter of credit All fees payable under the letter of credit agreements are the responsibility of PHC

In connection with the acquisition of Henry effective January 1, 2012, PHC assumed responsibility for payment of the Authority's outstanding revenue certificates through the lease agreement described in note 3

In April 2004, the Hospital Authority of Henry County issued $60,000,000 Revenue Certificates, Series 2004 (the 2004 Bonds) The certificates were used primarily to finance construction, renovation and equipping of certain additions and improvements to Henry and related facilities and to finance a portion of Henry's capital equipment purchases for a period not to exceed three years At the acquisition date, the stated value of the Series 2004 Bonds approximated $57,980,000, but they were recorded at their fair value of $60,266,000 At June 30, 2014 and 2013, the stated value of the Series 2004 Bonds approximated $57,085,000 and $57,540,000, respectively, and the carrying value approximated $59,099,000 and $59,772,000, respectively

In November 1997, the Hospital Authority of Henry County issued $26,500,000 Revenue Certificates, Series 1997 (the Series 1997 Bonds) The certificates were used primarily to finance construction, renovation and equipping of certain additions and improvements to Henry and related facilities and to refund the Authority's outstanding revenue certificates Series 1992A At the acquisition date, the stated value of the Series 1997 Bonds approximated their fair value of $875,000 The Series 2007 Bonds were paid in full in accordance with their payment schedule on July 1, 2012

The Series 2004 certificates are payable from and secured by a first lien on and pledge of the gross revenues derived by the Authority from the operations of Henry Additionally, payment of principal and interest when due is insured by a municipal bond insurance policy

At the option of Henry, the Series 2004 certificates maturing on after July 1, 2015 are subject to early redemption at any time not earlier than July 1, 2014 at prices up to 101% of the principal, plus accrued interest to the redemption date

Henry is required to maintain a sinking fund account sufficient to meet maturing principal and interest payments Such deposits into this account are included with other current assets in the accompanying consolidated balance sheets

Scheduled principal payments on the Series 2010, Series 2009 and Series 2004 Bonds are as follows (In thousands)

Year ending June 30	
2015	$ 10,425
2016	10,490
2017	11,370
2018	11,495
2019	12,310
Thereafter	447,010
	$ 503,100

As previously noted, the scheduled principal payments differ from the carrying value as the Series 2004 Bonds were recorded at fair value at the time of PHC's acquisition of Henry

(a) Note Payable to a Bank

Effective February 1, 2012, PHC entered into a note payable with a bank The proceeds of the note totaling approximately $44,819,000 were used to repay Henry's Series 1999 Bonds Amounts outstanding at June 30, 2014 and 2013 totaled $39,519,000 and $41,689,000, respectively The note bears interest at a rate of 1 8% per annum payable monthly Principal payments on the note are due as follows $2,295,000 due July 1, 2015, $2,425,000 due July 1, 2016, and the remaining principal due July 1, 2017

(b) Line of Credit

During fiscal year 2010, PHC entered into a line of credit for $70,000,000 with a local bank with an interest rate based on 30-day LIBOR plus 0 75% and a maturity date of December 31, 2011 During fiscal year 2012, PHC entered into an amendment to the line of credit which reduced available borrowings to $1,000,000 and extended the maturity to December 31, 2012 On December 17, 2012, PHC entered into an amendment to the line of credit which extended the maturity to December 31, 2015 and revised the interest rate to LIBOR plus 0 60% On October 7, 2013 PHC entered into an amendment to the line of credit which increased available borrowing to $70,000,000 There were no outstanding borrowings on the line of credit at June 30, 2014 and 2013

(c) Interest Rate Swap Agreements

PHC has seven interest rate swap agreements that are not accounted for as cash flow hedges These interest rate swaps are primarily utilized to economically hedge PHC's exposure to variable interest rates under its debt obligations The change in value of the interest rate swaps is reported as a component of nonoperating income (expense) in the period it occurs At June 30, 2014 and 2013, the total notional amount of PHC's interest rate swaps was approximately $132,620,000 and $136,020,000, respectively

These interest rate swap agreements expose PHC to credit losses in the event of nonperformance by the counterparty to the financial instruments The counterparty is a creditworthy financial institution

and PHC management believes the counterparty will be able to fully satisfy its obligations under the contracts

PHC's interest rate swaps are reported at fair value in the accompanying consolidated balance sheets as follows (In thousands)

		June 30	
		2014	2013
Other long-term liabilities	$	24,302	21,608

The effects of PHC's interest rate swaps on the accompanying consolidated statements of operations are as follows (In thousands)

		Year ended June 30	
		2014	2013
Loss (gain) recognized in nonoperating expense	$	(2,694)	13,296
Loss recognized in supplies and other expenses		(4,692)	(4,765)
	$	(7,386)	8,531

(9) Medical Office Buildings

As discussed in note 7, PHC is considered the owner of the Fayette MOB and the Piedmont MOB for financial reporting purposes In accordance with ASC 840, *Leases*, PHC has reflected the operations of the Piedmont and Fayette MOB's in its consolidated financial statements which resulted in other revenue of approximately $5,692,000, interest expense of $4,986,000, and supplies and other expenses of $2,101,000, for the year ended June 30, 2014 and other revenue of approximately $5,271,000, interest expense of $5,295,000, and supplies and other expenses of $2,052,000, for the year ended June 30, 2013

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets available primarily for capital purchases, education and geriatric services were $19,932,000 and $20,301,000 at June 30, 2014 and 2013, respectively

Permanently restricted net assets are as follows, with a description of how the investment income is to be used (In thousands)

		June 30	
		2014	2013
Support of education	$	507	507
Beneficial interest in perpetual trust		8,263	8,064
Support of specific services		14,213	14,138
	$	22,983	22,709

(Continued)

(11) Employee Benefits

Pension Plan

PHC has a trusteed noncontributory defined benefit pension plan (the Plan) covering a portion of PHC employees. The Plan's benefits are based on a combination of years of service and the employee's compensation. PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of ERISA or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary. Plan assets consist primarily of common stocks, alternative investments, guaranteed investment contracts, and cash equivalents.

In fiscal year 2008, the PHC Board of Directors approved the freezing of the Plan for participation purposes, so that employees hired or re-hired on and after July 1, 2008 are not eligible to participate in the Plan. Current participants had the option under the "Choice" program to continue to accrue benefits in the Piedmont Healthcare Retirement Plan or to participate in the new Piedmont 401(k) plan, which began on January 1, 2009. Approximately 64% of active participants elected to continue to accrue benefits in the defined benefit pension plan.

On September 20, 2012, the Plan was amended to reflect a freeze as of December 31, 2014. Therefore, no further benefit accruals will be provided after that date for additional credited service or earnings. In addition, all participants will become fully vested as of December 31, 2014. PHC recorded a one-time noncash curtailment charge of $22,000 in connection with this amendment.

The following cumulative amounts have not yet been recognized in the net periodic cost, and are recognized as a reduction to unrestricted net assets (In thousands):

		June 30	
		2014	2013
Actuarial losses	$	69,130	41,766
Prior service cost		—	—
Total	$	69,130	41,766

Changes in the Plan's obligations and assets caused the following changes in unrestricted net assets (In thousands):

		Year ended June 30	
		2014	2013
Amortization of prior service cost	$	—	25
Amortization of net actuarial loss		1,097	5,976
Net actuarial (loss) gain during the year		(28,461)	28,042
Curtailment		—	29,877
Total	$	(27,364)	63,920

(Continued)

The prior service cost and unrecognized loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2015 are $0 and $915,000, respectively

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation, the fair value of plan assets, the funded status of the Plan, and the accumulated benefit obligation (In thousands)

		June 30	
		2014	2013
Change in benefit obligations			
Projected benefit obligation, beginning of year	$	311,749	361,229
Service cost		7,551	10,742
Interest cost		16,066	16,191
Benefits paid		(8,617)	(27,327)
Actuarial loss (gain)		51,760	(19,209)
Curtailments		—	(29,877)
Projected benefit obligation, end of year	$	378,509	311,749
Accumulated benefit obligation	$	378,509	303,969
Change in Plan assets			
Fair value of Plan assets, beginning of year	$	298,342	293,591
Actual return on Plan assets		46,068	32,078
Benefits paid		(8,617)	(27,327)
Fair value of Plan assets, end of year	$	335,793	298,342
Funded status of the Plan	$	(42,716)	(13,407)

The unfunded status of the Plan of $42,716,000 and $13,407,000 at June 30, 2014 and 2013, respectively, is recognized in the accompanying consolidated balance sheets as a long-term pension liability No Plan assets are expected to be returned to PHC during the fiscal year ended 2015

During the year ended June 30, 2013, the Plan offered a bulk lump-sum payment window Benefits paid from the Plan relating to this bulk lump-sum payment window totaled approximately $19,900,000

The following table sets forth the components of net periodic benefit cost (In thousands)

(Continued)

		Year ended June 30	
		2014	2013
Components of net periodic benefit cost			
Service cost	$	7,551	10,742
Interest cost		16,066	16,191
Expected return on Plan assets		(22,769)	(23,245)
Amortization of prior service cost		—	25
Amortization of net actuarial loss		1,097	5,976
Total net periodic benefit cost	$	1,945	9,689

The actuarial assumptions used in the accounting for the net periodic cost for the Plan were as follows

	Year ended June 30	
	2014	2013
Discount rate	5 23%	**%
Rate of increase in future compensation levels	3 00	3 00
Expected long-term rate of return on Plan assets	7 75	7 75

** Prior to the previously discussed plan freeze effective December 31, 2014 and reflected for accounting purposes at September 30, 2012, the discount rate was 4 82% Subsequent to September 30, 2012, the discount rate used was 4 42%

The actuarial assumptions used to determine the year-end benefit obligations for the Plan were as follows

	June 30	
	2014	2013
Discount rate	4 64%	5 23%
Rate of increase in future compensation levels	N/A	3 00

PHC uses fair value as the market-related value of assets in calculating the expected return on Plan assets component of net periodic pension expense for the years ended June 30, 2014 and 2013

No contributions are expected to be paid to the Plan during fiscal year 2015

(Continued)

Benefits expected to be paid in each of the next five fiscal years are as follows: fiscal year 2015 $10,328,000, fiscal year 2016 $11,401,000, fiscal year 2017 $12,599,000, fiscal year 2018 $13,919,000 and fiscal year 2019 $15,154,000. For fiscal years 2020–2024, the aggregate benefits expected to be paid is $94,445,000.

The following table sets forth the asset allocation for the Plan:

	June 30	
	2014	2013
Growth/equity securities	51%	63%
Hedge funds/private equity	15	16
Fixed income securities	34	21
	100%	100%

The target allocation for the Plan is as follows:

	June 30	
	2014	2013
Growth/equity securities	50%	50%
Hedge funds/private equity	15	27
Fixed income securities	35	23
	100%	100%

To develop the expected long-term rate of return on assets assumption, PHC considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the Plan's portfolio.

The investment strategy of the Plan is to ensure, over the long-term life of the Plan, an adequate pool of assets along with contributions by PHC to satisfy the benefit obligations to participants and beneficiaries. PHC desires to achieve market returns consistent with a prudent level of diversification. All investments are made solely in the interest of the Plan's participants and beneficiaries for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the expenses related to administering the Plan. The target allocation of all assets is to reflect proper diversification in order to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio. In an effort to maintain the overall risk level of the portfolio within an acceptable range, the relative mix of asset classes will be rebalanced back toward the target allocations as opportunities permit, but in any event not less often than annually. The use of futures and options contracts will be limited to liquid instruments listed and actively traded on major exchanges (except for short-term funds) to over-the-counter options or forward contract positions executed with major dealers. No derivatives strategy may be used if it would subject the portfolios to greater variance than would be the case with the physical portfolio under a worst case scenario. Short-term funds may use only exchange-traded futures contracts and options – specifically prohibited are any off-exchange instruments and any exotic or structured

securities, as well as notes whose interest rate is tied to security with a maturity of more than one year PHC utilizes an outside investment consultant to implement its investment strategy

The fair value of plan assets of the Plan measured at fair value on a recurring basis was determined using the following inputs (note 15) at June 30, 2014 (In thousands)

	Level 1	Level 2	Level 3	Total
Corporate obligations	$ —	7,864	—	7,864
Fixed-income securities	737	—	—	737
Corporate stocks	11,215	—	—	11,215
Mutual funds	179,434	—	—	179,434
Alternative investments	—	136,543	—	136,543
Total assets at fair value	$ 191,386	144,407	—	335,793

The fair value of plan assets of the Plan measured at fair value on a recurring basis was determined using the following inputs at June 30, 2013 (In thousands)

	Level 1	Level 2	Level 3	Total
Corporate obligations	$ —	6,790	—	6,790
Fixed-income securities	703	—	—	703
Corporate stocks	14,173	64	—	14,237
Mutual funds	173,076	—	—	173,076
Alternative investments	—	103,536	—	103,536
Total assets at fair value	$ 187,952	110,390	—	298,342

All investments at June 30, 2014 and 2013 were in domestic investments

The Plan invests in alternative investments which provide the Plan with a proportionate share of the fair value of the fund returns The Lighthouse Diversified Fund, the Archipelago Holdings Ltd Offshore Fund, the Titan Masters International Fund and the Harvest MLP Income II Fund are funds that invest in other alternative investments (funds of funds) and these are classified as Level 2 financial assets The Baillie Gifford FDS Fund, the LSV Emerging Markets Fund and the JPMCB Extended Duration Fund are funds whose underlying investments are in securities that are publicly traded on U S and overseas exchanges and these are classified as Level 2 financial instruments

As of June 30, 2014 and 2013, the Plan's alternative investments do not have restrictions in excess of 90 days related to redemption

The fair values of the securities included in Level 1 were determined through quoted market prices The fair values of Level 2 financial assets for the corporate obligations were determined through evaluated bid prices provided by third-party pricing services where quoted market prices are not available The fair value

of Level 2 alternative investments was determined based on the use of net asset value per share as a practical expedient in accordance with ASC 820

Deferred Compensation Plans

PHC also offers two nonqualified deferred compensation plans, which are available to certain highly compensated PMCC and PHIP employees These plans permit such employees to defer the receipt and taxation of all or a portion of their salary until future years The deferred compensation is available for distribution to employees upon the election by the employee, provided the distribution election with respect to the deferred amounts has been made for a minimum of one year prior to the date of distribution

All deferrals are held as part of PHC's general assets and are subject to the claims of PHC's general creditors Employees' rights to the payment of benefits under these plans are equal to those of general and unsecured creditors of the PHC PHC has no liability for losses under the deferred compensation plans

The amounts recorded for the deferred compensation plans are approximately $30,769,000 and $18,249,000 at June 30, 2014 and 2013, respectively, and are recorded within other long-term liabilities in the accompanying consolidated balance sheets

401(k) Plan

PHC offers, as the sponsor, a deferred tax annuity plan (the 401(k) Plan) pursuant to Section 401(k) of the Internal Revenue Code of 1986 covering substantially all employees of PHC PHC contributes 100% of pretax contributions up to the first 3% of eligible pay and 50% of pretax contributions up to the next 2% into the 401(k) Plan and may make an additional discretionary contribution PHC recognized as expense approximately $7,196,000 and $16,554,000 for the years ended June 30, 2014 and 2013, respectively, related to the 401(k) Plan During the year ended June 30, 2013, PHC made a discretionary contribution to the 401(k) Plan totaling $6,549,000 No discretionary contributions were made during the year ended June 30, 2014

(12) Concentrations of Credit Risk

PHC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors was as follows

	June 30	
	2014	2013
Medicare	27%	26%
Medicaid	13	15
Other third-party payors	40	42
Patients	20	17
	100%	100%

(Continued)

PHC recognizes that revenue and receivables from government agencies and third-party payors are significant to its operations but does not believe that there are significant credit risks associated with these collections

(13) Commitments and Contingencies

(a) General and Professional Liability Insurance

PHC has a self-insurance program for general and professional liability coverage through AMIC AMIC insures PHC with professional liability and commercial general liability risks of PHC affiliates, namely Atlanta, Mountainside, Fayette, Newnan, Henry, PHIP and PMCC, on a claims-made basis for the hospital professional liability and on an occurrence basis for the commercial general liability The insurance policies between PHC and AMIC are $5,000,000 per occurrence and $20,000,000 aggregate annual limit for coverage effective May 1, 2003 through April 30, 2005, and $5,000,000 per occurrence and $19,000,000 aggregate annual limit for coverage effective May 1, 2005 through April 30, 2014 The per occurrence general liability limit provided by AMIC was reduced from $5,000,000 to $2,000,000 on May 1, 2011 and remains at that level Effective May 1, 2012, the professional and general liability coverage for Henry was added to AMIC coverage at a limit of $2,000,000 for both professional and general liability

AMIC is consolidated by PHC PHC records the reported and estimated incurred-but-not-reported liability based on an actuarial study at June 30, 2014 and 2013, which amounted to approximately $57,290,000 and $55,304,000, respectively, and is recorded as self-insurance reserves in the accompanying consolidated balance sheets Commercial insurance has been obtained on a claims-made (professional liability) and on an occurrence (general liability) basis to provide for excess coverage

The general and professional self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2014 and 2013, applicable to the general and professional liability self-insurance plans for PHC PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued malpractice losses have been discounted at 2% and 4% at June 30, 2014 and 2013, respectively

(b) Other Self-Insurance Programs

PHC self-insures a portion of its workers' compensation liability exposure up to $450,000 per claim at June 30, 2014 and 2013 Reserves for the self-insurance program are established to provide for estimated claims losses and applicable legal expenses for any claims incurred, both reported and unreported, through June 30, 2014 and 2013, and are recorded in the accompanying consolidated financial statements PHC recorded the reported and estimated incurred-but-not-reported liability for its claims at June 30, 2014 and 2013, which amounted to approximately $5,672,000 and $6,284,000, respectively Commercial insurance has been obtained on an occurrence basis to provide for excess coverage

The workers' compensation self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through

June 30, 2014 and 2013 PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued workers' compensation losses have been discounted at 2% and 4% at June 30, 2014 and 2013, respectively

PHC is self-insured for employee health benefits for its subsidiaries with reinsurance for high dollar claims Effective January 1, 2014, PWHP became the plan administrator for PHC's health benefits At June 30, 2014 and 2013, PHC recorded $11,901,000 and $5,372,000, respectively, as a liability for health benefit claims within the current portion of self-insurance reserves line item in the accompanying consolidated balance sheets

The employee health benefits self-insurance reserves in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2014 and 2013, applicable to the employee health benefits self-insurance plans PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued employee health benefits losses have not been discounted due to the short-term nature of the payout of these liabilities

In the opinion of management, adequate provision has been made for losses that may occur from the asserted and unasserted claims for all self-insurance programs

(c) PWHP

Under the provisions of the JV Agreement, PHC is required to make an additional future capital contribution totaling $8,050,000 in fiscal year 2015

(d) Operating Leases

PHC leases various equipment and facilities under operating leases expiring at various dates through fiscal year 2099 Total rent expense in fiscal years 2014 and 2013 for all operating leases was $40,592,000 and $39,887,000, respectively

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year (In thousands)

Year ending June 30	
2015	$ 27,170
2016	26,046
2017	24,203
2018	22,611
2019	21,314
Thereafter	109,729
	$ 231,073

(Continued)

(e) Litigation

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

(14) Functional Expenses

PHC does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services Further, since PHC receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities

(15) Fair Value of Financial Instruments

PHC follows ASC 820, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

Certain of the PHC's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, and interest rate swap agreements The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that PHC has the ability to access

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources These inputs may be used with internally developed methodologies that result in management's best estimate of fair value

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2014 (In thousands)

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 227,530	—	—	227,530
Investments and assets limited as to use				
Cash and cash equivalents	1,121	—	—	1,121
Corporate obligations	1,881	18,098	—	19,979
Fixed income securities	95,811	—	—	95,811
Corporate stocks	67,100	—	—	67,100
Mutual funds	222,316	—	—	222,316
Total investments and assets limited as to use	388,229	18,098	—	406,327
Self-insurance investments				
Corporate obligations	446	10,358	—	10,804
Treasury inflation protection securities	—	7,495	—	7,495
Fixed-income securities	2,702		—	2,702
Mortgage-backed securities		3,480	—	3,480
Mutual funds	16,412	—	—	16,412
Total self-insurance investments	19,560	21,333	—	40,893
Beneficial interest in perpetual trust	—	—	8,263	8,263
Total assets at fair value	$ 635,319	39,431	8,263	683,013
Liabilities				
Interest rate swaps	$ —	24,302	—	24,302

(Continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2013 (In thousands)

Assets		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$	160,674	—	—	160,674
Investments and assets limited as to use					
Cash and cash equivalents		3,028	—	—	3,028
Corporate obligations		1,876	15,541	—	17,417
Fixed income securities		79,513	—	—	79,513
Corporate stocks		90,195	—	—	90,195
Mutual funds		194,597	—	—	194,597
Total investments and assets limited as to use		369,209	15,541	—	384,750
Self-insurance investments					
Corporate obligations		618	12,397	—	13,015
Treasury inflation protection securities		—	6,350	—	6,350
Fixed-income securities		1,505	—	—	1,505
Mortgage-backed securities		—	5,756	—	5,756
Mutual funds		12,442	—	—	12,442
Total self-insurance investments		14,565	24,503	—	39,068
Beneficial interest in perpetual trust		—	—	8,064	8,064
Total assets at fair value	$	544,448	40,044	8,064	592,556
Liabilities					
Interest rate swaps	$	—	21,608	—	21,608

The investments at June 30, 2014 and 2013 were in domestic investments

(Continued)

Financial assets and financial liabilities are reflected in the accompanying consolidated balance sheets as follows (In thousands)

		June 30	
		2014	**2013**
Investments and assets limited as to use measured at fair value	$	406,327	384,750
Alternative investments accounted for under the equity method		187,475	125,527
Total investments and assets limited as to use	$	593,802	510,277

The fair values of the securities included in Level 1 were determined through quoted market prices The fair value of Level 2 and Level 3 financial assets and liabilities were determined as follows

Corporate obligations, treasury inflated protection securities, and mortgage-backed securities – These Level 2 investments were determined through evaluated bid prices provided by third-party pricing services where quoted market values are not available There is not significant subjectivity in the fair value estimate due to changes in the unobservable inputs

Beneficial interest in perpetual trust – The fair values of these financial assets were determined from the fair value of the underlying assets contributed to the trusts Based on the nature of the underlying assets, there is not significant subjectivity in the fair value estimate due to changes in the unobservable inputs

Interest rate swaps – The fair values of these financial liabilities interest rate swaps were determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved The analysis reflects contractual terms of the interest rate swaps and uses observable market-based inputs, such as interest rate curves In addition credit valuation adjustments are included to reflect nonperformance risk PHC pays fixed rates ranging from 3 17% to 4 84% and receives cash flows based on 67% of one month LIBOR

The following is the reconciliation of the beginning and ending balances of Level 3 financial assets measured at fair value on a recurring basis (In thousands)

		2014	**2013**
Beginning balance	$	8,064	7,939
Change in beneficial interest in perpetual trust		199	125
Ending balance	$	8,263	8,064

(Continued)

Change in beneficial interest in perpetual trust is included within permanently restricted net assets in the accompanying consolidated statements of changes in net assets

The carrying values of patient accounts receivable, pledges receivable, and accounts payable and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these financial instruments The fair value of PHC's fixed-rate bonds is derived using Level 2 market-observable inputs, such as risk-free rates, yield curves and credit spreads for debt that is actively traded and has similar maturities and credit ratings The fair value of PHC's fixed rate bonds and note payable approximated $459,663,000 compared to a carrying value of approximately $404,744,000 at June 30, 2014, and approximated $428,904,000 compared to a carrying value of approximately $406,914,000 at June 30, 2013 The carrying value approximates fair value for all other long-term debt at June 30, 2014 and 2013

(16) Related Party Transactions

Effective January 1, 2014, PWHP became the plan administrator for PHC's health benefits (note 13(b)) During the year ended June 30, 2014, PHC paid $3,533,000 to PWHP for fees relating to administration of the health benefits and wellness programs In addition, in accordance with the Risk Sharing Addendum to the JV Agreement, PHC pays Reimbursement Adjustment Payments to PWHP based on the aggregate cost of Covered Items and Services rendered to Assigned Members and Shared Risk Members Included in the $12,018,000 loss from equity investment on the accompanying consolidated statement of operations for the year ended June 30, 2014 is $2,730,000 relating to the Reimbursement Adjustment Payments

Under the provisions of the JV Agreement, PHC is required to make an additional future capital contribution totaling $8,050,000 in fiscal year 2015 (note 13(c))