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Form **990**Department of the Treasury
Internal Revenue Service**Return 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.

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

OMB No 1545-0047

2013Open to Public
Inspection**A** For the 2013 calendar year, or tax year beginning

10/01, 2013, and ending

09/30, 2014

B Check if applicable

<input checked="" type="checkbox"/>	Address change
<input checked="" type="checkbox"/>	Name change
<input type="checkbox"/>	Initial return
<input type="checkbox"/>	Terminated
<input type="checkbox"/>	Amended return
<input type="checkbox"/>	Application pending

C Name of organization

RHI LEGACY, INC.

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

P.O. BOX 352

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

RUTHERFORDTON, NC 28139

F Name and address of principal officer

TERRY W HINES

P.O. BOX 352 RUTHERFORDTON, NC 28139

D Employer identification number

56-0619367

E Telephone number

(828) 286-5000

G Gross receipts \$ 117,512,038.**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: ▶ N/A**K** Form of organization☒

Corporation

☐

Trust

☐

Association

☐

Other ▶

L Year of formation 1906**M** State of legal domicile NC**Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities	RUTHERFORD HOSPITAL IS A GENERAL ACUTE CARE HOSPITAL THAT PROVIDES TRADITIONAL PATIENT CARE TO RESIDENTS OF ITS SERVICE AREA, REGARDLESS OF ABILITY TO PAY.	
	2	Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	15.
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14.
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	1,042.
	6	Total number of volunteers (estimate if necessary)	6	278.
Revenue	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	3,924.
	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	15,000.
	9	Program service revenue (Part VIII, line 2g)	Current Year	0
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		101,196,134.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		59,437,876.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		-1,864,570.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		1,382,373.
	14	Benefits paid to or for members (Part IX, column (A), line 4)		169,181.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		93,204.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		102,762,688.
	16b	Total fundraising expenses (Part IX, column (D), line 25)		57,666,510.
Expenses	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-11g)		0
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)		10,138.
	19	Revenue less expenses Subtract line 18 from line 12		0
	20	Total assets (Part X, line 16)		51,074,418.
	21	Total liabilities (Part X, line 26)		32,008,873.
	22	Net assets or fund balances Subtract line 21 from line 20		0
	23	Other expenses (Part IX, column (A), lines 11a-11d, 11f-11g)		0
	24	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)		0
	25	Revenue less expenses Subtract line 18 from line 12		0
	26	Total assets (Part X, line 16)		55,181,745.
	27	Total liabilities (Part X, line 26)		37,557,851.
	28	Net assets or fund balances Subtract line 21 from line 20		106,256,163.
Net Assets or Fund Balances	29	Revenue less expenses Subtract line 18 from line 12		69,576,862.
	30	Total assets (Part X, line 16)		-3,493,475.
	31	Total liabilities (Part X, line 26)		-11,910,352.
	32	Net assets or fund balances Subtract line 21 from line 20		64,610,959.

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	<input checked="" type="checkbox"/>	Signature of officer	<input checked="" type="checkbox"/>	Date 8/17/15
	<input checked="" type="checkbox"/>	Type or print name and title	Matthew P. BRIGHT, CHAIRMAN	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	BRIAN D TODD	Brian D Todd, CPA	8/13/15		P00422601
	Firm's name ▶ BKD, LLP	Firm's EIN ▶ 44-0160260	Phone no 417 865-8701		

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2013)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission

RUTHERFORD HOSPITAL'S MISSION IS TO COMPASSIONATELY IMPROVE THE
HEALTH AND WELL-BEING OF OUR PATIENTS.

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 \$ 27,340,635 including grants of \$) (Revenue \$ 28,744,358)

THE HOSPITAL PROVIDES OUTPATIENT SERVICES. WITH IMPROVED
TECHNOLOGY MANY LESS INVASIVE SURGICAL PROCEDURES ARE NOW BEING
PERFORMED ON AN OUTPATIENT BASIS. THE HOSPITAL'S OUTPATIENT
SURGERIES INCLUDE GENERAL, ONCOLOGY, ORTHOPEDIC, PLASTIC,
PODIATRIC, UROLOGY, GASTROENTEROLOGY, GYNECOLOGY, OPHTHALMOLOGY,
EAR, NOSE, AND THROAT SURGERY. DURING FY 2014, SPECIFICALLY OCT 1,
2013 THRU MAY 31, 2014, THERE WERE 28,687 OUTPATIENT VISITS AND
24,180 EMERGENCY DEPARTMENT VISITS. ALSO, THE HOSPITAL HAD 1,216
OBSERVATION ADMISSIONS.

4b (Code) (Expenses \$ 19,352,236 including grants of \$) (Revenue \$ 20,631,482)

WE PROVIDE INPATIENT SERVICES INCLUDING SURGICAL PROCEDURES, AN
INTENSIVE CARE UNIT, & THE BIRTH PLACE. GENERAL SURGEONS PROVIDE A
FULL RANGE OF CONSULTING, DIAGNOSTIC, & TREATMENT SERVICES. THE
ICU IS SPECIFICALLY DESIGNED TO PROVIDE ONGOING, INTENSIVE NURSING
ATTENTION FOR THOSE WHO ARE SERIOUSLY ILL OR INJURED OR WHO SUFFER
FROM COMPLEX HEALTH CONDITIONS. THE BIRTH PLACE OFFERS COMFORT,
PRIVACY, PEACE OF MIND, & FLEXIBILITY TO ITS PATIENTS, AS WELL AS
EDUCATIONAL CLASSES FOR EXPECTANT FAMILIES. INPATIENT FLOORS
UTILIZE HOURLY ROUNDING TO ENSURE THE PATIENT PROGRESS & NEEDS ARE
CONTINUALLY MONITORED. DURING FY 2014, OCT 1, 2013 THRU MAY 31,
2014, 3,397 PATIENTS RECEIVED INPATIENT SERVICES.

4c (Code) (Expenses \$ 789,784 including grants of \$) (Revenue \$ 1,183,088)

RUTHERFORD REGIONAL HAS TWELVE PHYSICIAN PRACTICES TO SERVE THE
COMMUNITY'S SURGICAL, FAMILY PRACTICE, AND PSYCHIATRIC NEEDS. THE
HOSPITAL HAS BEEN HONORED FOUR TIMES AS A THOMPSON COMPANY 100 TOP
PERFORMANCE IMPROVEMENT LEADER FACILITY. EDUCATION DEPARTMENT MAKES
HEALTH FAIRS, EDUCATION, AND SUPPORT AVAILABLE TO OUR COMMUNITY.
SOME OF THE ACTIVITIES OFFERED INCLUDE CLASSES FOR EXPECTANT
MOTHERS AND THEIR FAMILIES, SAFE SITTER COURSES, SUPPORT GROUPS FOR
THOSE EXPERIENCING PARTICULAR ILLNESSES, FREEDOM FROM SMOKING
CLASSES, THE LIFELINE PROGRAM, DIABETES EDUCATION, AND CPR/FIRST
AID TRAINING.

4d Other program services (Describe in Schedule O)

(Expenses \$ 12,638,512 including grants of \$ 10,138) (Revenue \$ 8,878,948)

4e Total program service expenses 60,121,167.

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	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
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		X
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	X	
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		X
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		X
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		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
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		X
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		X
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	X	
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	X	
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		X
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		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
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		X
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		X
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	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
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		X
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		X
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		X
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)		X
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		X
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		X
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
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		X
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		X
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	X	
24 a 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.		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25 a 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.		X
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.		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payable to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II.		X
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.		X
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.		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV.	X	
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.		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I.		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	X	
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		X
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		X
35 a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
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.		
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		X
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.	X	
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.	X	

Form 990 (2013)

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck 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. 121		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
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. 1,042		
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).	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	X	
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)?		X
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?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
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?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
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?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
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?		
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		
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?		X
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 line 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 ☒ X

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 14		
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		X
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		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? 4	X	
5 Did the organization become aware during the year of a significant diversion of the organization's assets? 5		X
6 Did the organization have members or stockholders? 6		X
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		X
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		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body? 8a	X	
b Each committee with authority to act on behalf of the governing body? 8b	X	
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		X

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		X
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	X	
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	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? 12b	X	
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	X	
13 Did the organization have a written whistleblower policy? 13	X	
14 Did the organization have a written document retention and destruction policy? 14	X	
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	X	
b Other officers or key employees of the organization 15b	X	
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	X	
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	X	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ►

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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 ► TERRY W HINES P O BOX 352 RUTHERFORDTON, NC 28139 828-202-4629

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII. ☒ X**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, and 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) MATT BRIGHT CHAIRMAN	1.00	X		X				0	0	0
(2) E THOMAS HARDIN SECRETARY THROUGH 6/14	1.00	X		X				0	0	0
(3) DAVID EAKER VICE CHAIRMAN BEGINNING 11/13	1.00	X		X				0	0	0
(4) PAUL DECK TRUSTEE	1.00	X						0	0	0
(5) J LARRY HARRILL TRUSTEE	1.00	X						0	0	0
(6) LEE HARRILL TRUSTEE	1.00	X						0	0	0
(7) THOMAS J JASKI, MD TRUSTEE	1.00	X						0	0	0
(8) BETH MILLER SECRETARY/TREASURER BEG 7/14	1.00	X		X				0	0	0
(9) LUTHER PERSON, MD TRUSTEE	1.00	X						0	0	0
(10) BOBBY ENGLAND, MD TRUSTEE	1.00	X						0	0	0
(11) MICHAEL WHEELER, MD TRUSTEE	1.00	X						186,002.	0	0
(12) DIANE HAMRICK VICE CHAIRMAN THROUGH 10/13	1.00	X		X				0	0	0
(13) TERRY W HINES CHAIRMAN TO 3/14/EXEC DIRECTOR	40.00	X		X				0	0	0
(14) JOSEPH L CARSON JR TRUSTEE	1.00	X						0	0	0

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			
15) JIMMY DANCY TRUSTEE BEGINNING 9/14	1.00	X						0	0	0
16) JACKIE HAMPTON TRUSTEE BEGINNING 9/14	1.00	X						0	0	0
17) DR. SUMY JOSEPH TRUSTEE BEGINNING 9/14	1.00	X						0	0	0
18) PAUL MCINTOSH TRUSTEE BEGINNING 9/14	1.00	X						0	0	0
19) CINDY BUCK CEO ENDING 5/31/14	40.00			X				208,752.	0	11,283.
20) MICHAEL ROBERTS, MD CHIEF OF THE MEDICAL STAFF	40.00				X			636,432.	0	22,930.
21) CHARLES DANA BOND, MD PHYSICIAN	40.00					X		663,261.	0	21,189.
22) DOUGLAS B FREELS, MD PHYSICIAN	40.00					X		576,438.	0	21,678.
23) GREGG ALLEN DRABEK, MD PHYSICIAN	40.00					X		459,860.	0	21,120.
24) ROD GONCALVES, MD PHYSICIAN	40.00					X		432,927.	0	6,524.
25) JAMES EDWARD LEE, MD PHYSICIAN	40.00					X		418,497.	0	21,687.
1b Sub-total								186,002.	0	0
c Total from continuation sheets to Part VII, Section A								3,396,167.	0	126,411.
d Total (add lines 1b and 1c)								3,582,169.	0	126,411.

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 **▶** 40

	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		X
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	X	
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		X

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
HOSPITAL MEDICINE ASSOC. CINCINNATI, OH 45263-4850	HOSPITALISTS	1,749,733.
WOUND CARE SYSTEMS COLUMBUS, NC 28722	WOUND CARE MGMT	529,768.
RUTHERFORD EMERGENCY GRP SAN ANTONIO, TX 78292	EMERGENCY PHYSICIANS	443,796.
K & L GATES, LLP CHARLOTTE, NC 28202	LEGAL SERVICES	317,594.
RESOURCE CORP OF AMERICA CLEAR LAKE SHORES, TX 77565	BUSINESS OFFICE SUPP	247,719.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶** 12

Part VIII Statement of RevenueCheck 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				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f		0			
Program Service Revenue	Business Code					
	2a NET PATIENT SERVICE REVENUE	621110	58,667,405	58,667,405		
	b CAFETERIA & VENDING REVENUE	722514	3,924		3,924	
	c OTHER REVENUE	900099	766,547	766,547		
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f		59,437,876			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		120,285			120,285
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross rents	38,400				
	b Less rental expenses					
	c Rental income or (loss)	38,400				
	d Net rental income or (loss)		38,400			38,400
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	21,180,465	36,631,329			
	b Less cost or other basis and sales expenses	20,698,754	39,097,895			
	c Gain or (loss)	481,711	-2,466,566			
	d Net gain or (loss)		-1,984,855			-1,984,855
	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	103,683				
b Less cost of goods sold	b	48,879				
c Net income or (loss) from sales of inventory		54,804			54,804	
Miscellaneous Revenue		Business Code				
11a						
b						
c						
d All other revenue						
e Total. Add lines 11a-11d		0				
12 Total revenue. See instructions		57,666,510	59,433,952	3,924	-1,771,366	

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	10,138.	10,138.		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	1,065,399.	845,364.	220,035.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	14,750.		14,750.	
7 Other salaries and wages	24,356,290.	22,926,873.	1,429,417.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	4,680,777.	3,541,172.	1,139,605.	
10 Payroll taxes	1,891,657.	1,429,910.	461,747.	
11 Fees for services (non-employees)				
a Management	764,403.		764,403.	
b Legal	552,025.		552,025.	
c Accounting	254,932.		254,932.	
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)	6,339,786.	5,808,682.	531,104.	
12 Advertising and promotion	217,542.	217,513.	29.	
13 Office expenses	2,845,054.	1,488,945.	1,356,109.	
14 Information technology	294,962.	265,065.	29,897.	
15 Royalties	0			
16 Occupancy	1,636,987.	1,625,710.	11,277.	
17 Travel	215,316.	205,437.	9,879.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	28,738.	28,738.		
20 Interest	422,401.	330,529.	91,872.	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	4,412,787.	3,453,009.	959,778.	
23 Insurance	830,696.	66,711.	763,985.	
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 BAD DEBT	9,738,321.	9,738,321.		
b MEDICAL SUPPLIES & DRUGS	6,880,210.	6,880,210.		
c REPAIRS & MAINTENANCE	1,852,956.	1,136,192.	716,764.	
d LICENSES, DUES & SUBSCRIPTIO	141,523.	63,940.	77,583.	
e All other expenses	129,212.	58,708.	70,504.	
25 Total functional expenses. Add lines 1 through 24e	69,576,862.	60,121,167.	9,455,695.	
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

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	4,485.	1	35,071.
	2 Savings and temporary cash investments	3,343,611.	2	3,540,809.
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	11,074,203.	4	6,100.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	1,911,602.	8	22,427.
	9 Prepaid expenses and deferred charges	1,116,460.	9	0
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 214,619.		
	b Less accumulated depreciation	10b 179,173.		
		45,989,460.	10c	35,446.
	11 Investments - publicly traded securities	30,765,925.	11	30,654,390.
	12 Investments - other securities See Part IV, line 11	0	12	6,919,167.
	13 Investments - program-related See Part IV, line 11	0	13	0
	14 Intangible assets	599,042.	14	0
15 Other assets See Part IV, line 11	4,745,448.	15	0	
16 Total assets. Add lines 1 through 15 (must equal line 34)	99,550,236.	16	41,213,410.	
Liabilities	17 Accounts payable and accrued expenses	9,100,752.	17	129,377.
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	21,258,530.	20	0
	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	958,569.	23	0
	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	3,621,426.	25	2,065,602.
	26 Total liabilities. Add lines 17 through 25	34,939,277.	26	2,194,979.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	64,610,959.	27	39,018,431.
	28 Temporarily restricted net assets	0	28	0
	29 Permanently restricted net assets	0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	64,610,959.	33	39,018,431.
	34 Total liabilities and net assets/fund balances	99,550,236.	34	41,213,410.

Form 990 (2013)

Part XI Reconciliation of Net AssetsCheck 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	57,666,510.
2	Total expenses (must equal Part IX, column (A), line 25)	2	69,576,862.
3	Revenue less expenses Subtract line 2 from line 1	3	-11,910,352.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	64,610,959.
5	Net unrealized gains (losses) on investments	5	1,706,752.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-15,388,928.
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	39,018,431.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

- 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?
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?
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?
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?
- 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

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form **990** (2013)

SCHEDULE A
(Form 990 or 990-EZ)

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.

▶ 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

RHI LEGACY, INC.

Employer identification number

56-0619367

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?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? ☐
- (ii) A family member of a person described in (i) above? ☐
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? ☐
- h Provide the following information about the supported organization(s)

(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	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

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

Schedule A (Form 990 or 990-EZ) 2013

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

Section A. Public Support

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

Section B. Total Support

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

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 from 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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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 section 501(c)(3) organization, check this box and stop here. ► <input type="checkbox"/>						

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).

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2013

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

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

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

Name of organization RHI LEGACY, INC.	Employer identification number 56-0619367
---	---

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

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

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

Schedule C (Form 990 or 990-EZ) 2013

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).**B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

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

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period

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

Schedule C (Form 990 or 990-EZ) 2013

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		7,578.
j Total Add lines 1c through 1i			7,578.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

OTHER LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1I

THE ORGANIZATION PAYS DUES TO THE NORTH CAROLINA HOSPITAL ASSOCIATION, OF

WHICH 25.26%, OR \$7,578 IS ATTRIBUTABLE TO LOBBYING ACTIVITIES.

Part IV **Supplemental Information** *(continued)*

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

RHI LEGACY, INC.

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.

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number

56-0619367

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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)

<input type="checkbox"/> Preservation of land for public use (e g , recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 Tax 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 ▶ \$

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

Schedule D (Form 990) 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

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

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				
b Buildings		186,497.	151,528.	34,969.
c Leasehold improvements				
d Equipment		28,122.	27,645.	477.
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)).				35,446.

Schedule D (Form 990) 2013

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		
(3) Other		
(A) INV IN DLP LLC	6,919,167.	COST
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ►	6,919,167.	

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation. Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
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)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) ►	

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) EST AMT DUE TO 3RD PTY PYR	997,405.
(3) EST INSURANCE LIABILITY	1,068,197.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ►	2,065,602.

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	36,444,534.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,706,752.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-25,128,077.
e	Add lines 2a through 2d	2e	-23,421,325.
3	Subtract line 2e from line 1	3	59,865,859.
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	-2,199,349.
c	Add lines 4a and 4b	4c	-2,199,349.
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	57,666,510.

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	59,584,942.
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	48,879.
e	Add lines 2a through 2d	2e	48,879.
3	Subtract line 2e from line 1	3	59,536,063.
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	10,040,799.
c	Add lines 4a and 4b	4c	10,040,799.
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	69,576,862.

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.

SEE PAGE 5

Part XIII Supplemental Information (continued)

SCHEDULE D, PART X, LINE 2

UNCERTAIN TAX POSITIONS:

MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.

SCHEDULE D, PART XI, LINE 2D

AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART VIII, LINE 12:

\$ (15,469,332) LOSS ON IMPAIRMENT

(9,738,321) BAD DEBT EXPENSE

79,576 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP

\$ (25,128,077)

SCHEDULE D, PART XI, LINE 4B

AMOUNTS INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1:

\$ (2,150,470) 6/1/14-9/30/14 REVENUE

(48,879) COST OF GOODS SOLD

\$ (2,199,349)

Part XIII Supplemental Information (continued)

SCHEDULE D, PART XII, LINE 2D

AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART IX, LINE 25:

\$ 48,879 COST OF GOODS SOLD

SCHEDULE D, PART XII, LINE 4B

AMOUNTS INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1:

\$ 9,738,321 BAD DEBT EXPENSE

302,478 6/1/14-9/30/14 EXPENSE

\$ 10,040,799

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **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.**

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a **1a** X
- b** If "Yes," was it a written policy? **1b** X
- 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 120.0000 %
- 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 %
- 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** X
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? **5a** X
- b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? **5b** X
- c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? **5c** X
- 6a** Did the organization prepare a community benefit report during the tax year? **6a** X
- b** If "Yes," did the organization make it available to the public? **6b** X
- Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,349,805.		2,349,805.	3.93
b Medicaid (from Worksheet 3, column a)			11,689,322.	9,405,461.	2,283,861.	3.82
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			14,039,127.	9,405,461.	4,633,666.	7.75
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			293,369.	46,974.	246,395.	.41
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			9,674,274.	4,826,005.	4,848,269.	8.10
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			10,138.		10,138.	.02
j Total. Other Benefits			9,977,781.	4,872,979.	5,104,802.	8.53
k Total. Add lines 7d and 7j.			24,016,908.	14,278,440.	9,738,468.	16.28

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

Schedule H (Form 990) 2013

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	X	
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.		
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.		
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	40,227,506.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	40,637,868.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-410,362.
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a	X	
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	X	

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest - see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number

1 RUTHERFORD HOSPITAL, INC.
288 SOUTH RIDGECREST AVENUE
RUTHERFORDTON NC 28139
WWW.MYRUTHERFORDREGIONAL.COM
H0039

[illegible]

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 RUTHERFORD HOSPITAL, INC.**If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)** 1**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

- 1** During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9

If "Yes," indicate what the CHNA report describes (check all that apply)

- 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 Section C)

- 2** Indicate the tax year the hospital facility last conducted a CHNA 20 1 2

- 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

- 4** Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

- 5** Did the hospital facility make its CHNA report widely available to the public?
- If "Yes," indicate how the CHNA report was made widely available (check all that apply)

- a** ☒ Hospital facility's website (list url) HTTP://WWW.MYRUTHERFORDREGIONAL.COM
- b** ☐ Other website (list url) _____
- c** ☒ Available upon request from the hospital facility
- d** ☐ Other (describe in Section C)

- 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 Section C)

- 7** Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs

- 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)?

- b** If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?
- 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? \$

	Yes	No
1	X	
3	X	
4	X	
5	X	
7		X
8a		X
8b		

Part V Facility Information (continued)**Financial Assistance Policy** RUTHERFORD HOSPITAL, INC.

		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?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>1</u> <u>2</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used	X	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>2</u> <u>5</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used	X	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input checked="" type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
13	Explained the method for applying for financial assistance?	X	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Section C)		

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?	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		X
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Schedule H (Form 990) 2013

Part V Facility Information (continued) RUTHERFORD HOSPITAL, INC.

- 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

- 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?

	Yes	No
19	X	

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 Section C)
- d ☐ Other (describe in Section C)

Changes 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 Section C)

- 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		X
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If "Yes," explain in Section C

- 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		X
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If "Yes," explain in Section C

Schedule H (Form 990) 2013

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.

SCHEDULE H, PART V, SECTION B, LINE 3

COMMUNITY INPUT:

IN ORDER TO LEARN ABOUT THE SPECIFIC FACTORS AFFECTING THE HEALTH AND QUALITY OF LIFE OF RESIDENTS OF WNC, THE WNC HEALTHY IMPACT DATA WORKGROUP AND CONSULTING TEAM IDENTIFIED AND TAPPED NUMEROUS SECONDARY DATA SOURCES ACCESSIBLE IN THE PUBLIC DOMAIN. FOR DATA ON THE DEMOGRAPHIC, ECONOMIC AND SOCIAL CHARACTERISTICS OF THE REGION SOURCES INCLUDED: THE US CENSUS BUREAU; LOG INTO NORTH CAROLINA (LINC); NC OFFICE OF STATE BUDGET AND MANAGEMENT; NC DEPARTMENT OF COMMERCE; EMPLOYMENT SECURITY COMMISSION OF NC; NC DEPARTMENT OF PUBLIC INSTRUCTION; NC DEPARTMENT OF JUSTICE; NC DIVISION OF MEDICAL ASSISTANCE; AND THE CECIL B. SHEPS CENTER FOR HEALTH SERVICES RESEARCH. THE WNC HEALTHY IMPACT CONSULTANT TEAM MADE EVERY EFFORT TO OBTAIN THE MOST CURRENT DATA AVAILABLE AT THE TIME THE REPORT WAS PREPARED. IT WAS NOT POSSIBLE TO CONTINUALLY UPDATE THE NARRATIVE PAST A CERTAIN DATE; IN MOST CASES THAT END-POINT WAS JUNE 30, 2012.

THE PRINCIPAL SOURCE OF SECONDARY HEALTH DATA FOR THIS REPORT WAS THE NC STATE CENTER FOR HEALTH STATISTICS (NC SCHS), INCLUDING ITS COUNTY HEALTH DATA BOOKS, BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, VITAL STATISTICS UNIT, AND CANCER REGISTRY. OTHER HEALTH DATA SOURCES INCLUDED: NC DIVISION OF PUBLIC HEALTH (DPH) EPIDEMIOLOGY SECTION; NC DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES; NATIONAL CENTER FOR HEALTH STATISTICS; NC DPH NUTRITION SERVICES BRANCH; UNC HIGHWAY SAFETY RESEARCH CENTER; NC DEPARTMENT OF TRANSPORTATION; NC DETECT AND THE NC DPH ORAL HEALTH SECTION.

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.

BECAUSE IN ANY CHA IT IS INSTRUCTIVE TO RELATE LOCAL DATA TO SIMILAR DATA IN OTHER JURISDICTIONS, THROUGHOUT THIS REPORT REPRESENTATIVE COUNTY DATA IS COMPARED TO LIKE DATA DESCRIBING THE 16-COUNTY REGION AND THE STATE OF NC AS A WHOLE. WNC HEALTHY IMPACT RECEIVED APPROVAL FROM THE NC DIVISION OF PUBLIC HEALTH TO USE THIS REGIONAL COMPARISON AS PEER FOR THE PURPOSES OF OUR ASSESSMENTS (AND RELATED REQUIREMENTS). COUNTY DATA MAY NOT BE AVAILABLE FOR SOME OF THE DATA PARAMETERS INCLUDED IN THIS REPORT; IN THOSE CASES STATE-LEVEL DATA IS COMPARED TO US-LEVEL DATA OR OTHER STANDARDIZED MEASURES. WHERE APPROPRIATE AND AVAILABLE, TREND DATA HAS BEEN USED TO SHOW CHANGES IN INDICATORS OVER TIME.

ENVIRONMENTAL DATA WAS GATHERED FROM SOURCES INCLUDING: US ENVIRONMENTAL PROTECTION AGENCY; US DEPARTMENT OF AGRICULTURE, AND NC RADON PROGRAM.

IT IS IMPORTANT TO NOTE THAT THIS REPORT CONTAINS DATA RETRIEVED DIRECTLY FROM SOURCES IN THE PUBLIC DOMAIN. IN SOME CASES THE DATA IS VERY CURRENT; IN OTHER CASES, WHILE IT MAY BE THE MOST CURRENT AVAILABLE, IT MAY BE SEVERAL YEARS OLD. NOTE ALSO THAT THE NAMES OF ORGANIZATIONS, FACILITIES, GEOGRAPHIC PLACES, ETC. PRESENTED IN THE TABLES AND GRAPHS IN THIS REPORT ARE QUOTED EXACTLY AS THEY APPEAR IN THE SOURCE DATA. IN SOME CASES THESE NAMES MAY NOT BE THOSE IN CURRENT OR LOCAL USAGE; NEVERTHELESS THEY ARE USED SO READERS MAY TRACK A PARTICULAR PIECE OF INFORMATION DIRECTLY BACK TO THE SOURCE.

TO SUPPLEMENT THE SECONDARY CORE DATASET, MEET ADDITIONAL STAKEHOLDER

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

DATA NEEDS, AND HEAR FROM COMMUNITY MEMBERS ABOUT THEIR CONCERNS AND PRIORITIES, A COMMUNITY SURVEY, 2012 WNC HEALTHY IMPACT SURVEY (A.K.A. 2012 PRC COMMUNITY HEALTH SURVEY), WAS DEVELOPED AND IMPLEMENTED IN 16 COUNTIES ACROSS WESTERN NORTH CAROLINA. THE SURVEY INSTRUMENT WAS DEVELOPED BY WNC HEALTHY IMPACT'S DATA WORKGROUP, CONSULTING TEAM, AND LOCAL PARTNERS, WITH ASSISTANCE FROM PROFESSIONAL RESEARCH CONSULTANTS, INC. (PRC). MANY OF THE QUESTIONS ARE DERIVED FROM THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS), AS WELL AS OTHER PUBLIC HEALTH SURVEYS; OTHER QUESTIONS WERE DEVELOPED SPECIFICALLY FOR WNC HEALTHY IMPACT TO ADDRESS PARTICULAR ISSUES OF INTEREST TO COMMUNITIES IN WESTERN NORTH CAROLINA. EACH COUNTY WAS GIVEN THE OPPORTUNITY TO INCLUDE THREE ADDITIONAL QUESTIONS OF PARTICULAR INTEREST TO THEIR COUNTY, WHICH WERE ASKED OF THEIR COUNTY'S RESIDENTS. THE GEOGRAPHIC AREA FOR THE REGIONAL SURVEY EFFORT INCLUDED 16 COUNTIES: BUNCOMBE, CHEROKEE, CLAY, GRAHAM, HAYWOOD, HENDERSON, JACKSON, MACON, MADISON, MCDOWELL, MITCHELL, POLK, RUTHERFORD, SWAIN, TRANSYLVANIA AND YANCEY COUNTIES.

SCHEDULE H, PART V, SECTION B, LINE 4

CHNA CONDUCTED WITH OTHER HOSPITALS:

THE CHNA WAS DEVELOPED BY RUTHERFORD COUNTY, IN PARTNERSHIP WITH RUTHERFORD REGIONAL HOSPITAL, RUTHERFORD POLK MCDOWELL DISTRICT HEALTH DEPARTMENT, AND RUTHERFORD HEALTH COUNCIL.

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

SCHEDULE H, PART V, SECTION B, LINE 6

IMPLEMENTATION STRATEGY:

IN RESPONSE TO THE RESULTS OF RHI LEGACY'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY. THE IMPLEMENTATION STRATEGY IS AVAILABLE ON THE WEBSITE AT [HTTP://MYRUTHERFORDREGIONAL.COM/ABOUT-US/COMMUNITY-BENEFITS](http://MYRUTHERFORDREGIONAL.COM/ABOUT-US/COMMUNITY-BENEFITS).

SCHEDULE H, PART V, SECTION B, LINE 7

ADDRESSING IDENTIFIED NEEDS:

ALTHOUGH THERE ARE MORE THAN TWO OR THREE ISSUES THAT EMERGED FROM THE ASSESSMENT, THE COMMUNITY HEALTH IMPROVEMENT PLAN WILL ADDRESS ONLY TWO OR THREE SPECIFIC AREAS FOR EACH COUNTY.

ON NOVEMBER 13, 2012, THE RUTHERFORD COUNTY COMMUNITY HEALTH ASSESSMENT FORUM WAS HELD ON THE CAMPUS OF ISOTHERMAL COMMUNITY COLLEGE. FOLLOWING A PRESENTATION OF THE CHA DATA, BREAKOUT SESSIONS ENGAGED PARTICIPANTS IN CHOOSING HEALTH PRIORITIES.

FACILITATORS INTRODUCED THE TOPIC AND GAVE A QUICK REVIEW ABOUT THE PROBLEM. PARTICIPANTS WERE ASKED WHAT STRENGTHS, WEAKNESSES, OPPORTUNITIES AND BARRIERS ARE ASSOCIATED WITH THE MAJOR PROBLEM. ANSWERS WERE RECORDED.

NEXT, PARTICIPANTS BRAINSTORMED STRATEGIES AND INTERVENTIONS TO ADDRESS THE PROBLEM. FINALLY, EACH COMMUNITY MEMBER RANKED THEIR TOP 3 OR 4 STRATEGIES. COLOR CODED STICKERS SIGNIFIED THE RANKING ORDER.

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

SCHEDULE H, PART V, SECTION B, LINE 20D

INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE:

OUR MEDICAL ASSISTANCE POLICY ALLOWS UP TO 120% OF FEDERAL POVERTY

GUIDELINE FOR 100% REDUCTION OF BALANCE/CHARGES. THE SLIDING SCALE ALLOWS

UP TO 250% OF THE FEDERAL POVERTY GUIDELINE IN ALLOWING A 30% REDUCTION

OF THE BALANCE/CHARGES. ALL SELF PAY ACCOUNTS RECEIVE A 20% DISCOUNT OF

CHARGES AT THE TIME OF FINAL BILLING. ALSO, IF SELF PAY BALANCE IS PAID

PROMPTLY (15 DAYS FROM FINAL BILLING), PATIENT IS ENTITLED TO AND

ADDITIONAL 30% DISCOUNT OF CHARGES.

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? 13

Name and address	Type of Facility (describe)
1 CAROLINA HOME CARE 2270 HWY 74-A SUITE 345 FOREST CITY NC 28043	HOME HEALTH
2 RUTHERFORD ORTHOPEDICS 139 DR HENRY NORRIS DRIVE RUTHERFORDTON NC 28139	ORTHOPEDIC PRACTICE
3 RUTHERFORD SURGICAL ASSOCIATES 330 NC 108 HIGHWAY RUTHERFORDTON NC 28139	SURGICAL PRACTICE
4 RUTHERFORD ANESTHESIOLOGY 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON NC 28139	ANESTHESIA SERVICES
5 FOREST CITY FAMILY CENTER 212 ALLENDALE DRIVE FOREST CITY NC 28043	FAMILY GENERAL MEDICINE
6 RUTHERFORD CHILDREN'S CARE 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON NC 28139	PEDIATRIC SERVICES
7 CHASE FAMILY CARE 1269 US HWY 74 BYPASS 341 FOREST CITY NC 28043	GENERAL MEDICAL & SURGICAL
8 RUTHERFORD EAST FAMILY CARE 605 NC 120 HIGHWAY MOORESBORO NC 28114	FAMILY GENERAL MEDICINE
9 INSIGHTS PSYCHIATRIC RESOURCES 393 S OAK STREET SUITE 100 SPINDALE NC 28160	PSYCHIATRIC SERVICES
10 BOILING SPRINGS FAMILY CARE 305 W COLLEGE AVE SUITE A SHELBY NC 28152	FAMILY GENERAL MEDICINE

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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 THE CLINIC AT WALMART 197 PLAZA DRIVE FOREST CITY NC 28043	FAMILY GENERAL MEDICINE
2 OCCUPATIONAL MEDICINE 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON NC 28139	PEDIATRIC SERVICES
3 RUTHERFORD UROLOGY 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON NC 28139	UROLOGICAL SERVICES
4	
5	
6	
7	
8	
9	
10	

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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

SCHEDULE H, PART I, QUESTION 7, COLUMN F

PERCENT OF TOTAL EXPENSE:

TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS
TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS
REDUCED BY BAD DEBT EXPENSE OF \$9,738,321.

SCHEDULE H, PART I, LINE 7

COSTING METHODOLOGY:

THE COST TO CHARGE RATIO COMPUTED ON IRS WORKSHEET 2 WAS USED IN THE
CALCULATIONS ON IRS WORKSHEETS 1, 3 AND 6.

SCHEDULE H, PART III, SECTION A, LINE 2

BAD DEBT EXPENSE:

THE BAD DEBT EXPENSE LISTED ON LINE 2 IS THE BAD DEBT EXPENSE PER THE
AUDITED FINANCIAL STATEMENTS AND INTERNAL FINANCIAL STATEMENTS.

Part VI Supplemental Information

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SCHEDULE H, PART III, SECTION A, LINE 3

BAD DEBT EXPENSE ATTRIBUTABLE TO CHARITY CARE:

THE BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU. USING DATA FROM 2009-2013, APPROXIMATELY 21.5 PERCENT OF RUTHERFORD COUNTY WAS CONSIDERED TO LIVE IN POVERTY.

SCHEDULE H, PART III, SECTION A, LINE 4

BAD DEBT EXPENSE FOOTNOTE:

THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE. THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE: IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE

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ALLOWANCE FOR DOUBTFUL ACCOUNTS. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS.

SCHEDULE H, PART III, SECTION B, LINE 8

COMMUNITY BENEFIT:

SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO. THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE

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COMMUNITY.

SCHEDULE H, PART III, SECTION C, LINE 9B

COLLECTION POLICY:

RHI LEGACY, INC., WILL RECOGNIZE PATIENTS WHO DO NOT QUALIFY UNDER THE CREDIT AND COLLECTION POLICY GUIDELINES AND PROVIDE ASSISTANCE IN OBTAINING THIRD PARTY COVERAGE OR IN QUALIFYING FOR THE MEDICAL ASSISTANCE PROGRAM AS OUTLINED IN ESTABLISHED HOSPITAL PROCEDURES. ALL PATIENTS WILL BE GIVEN THE OPPORTUNITY TO APPLY FOR THE MEDICAL ASSISTANCE PROGRAM IF THEY ARE UNABLE TO PAY FOR DESIRED MEDICAL TREATMENT. SELF-PAY ACCOUNTS WHICH REMAIN UNPAID, OR HAVE NO PAYMENT CONTRACT ESTABLISHED, WILL BE TRANSFERRED TO A BAD DEBT STATUS 60 DAYS AFTER THE ACCOUNT IS BILLED BY THE HOSPITAL'S BILLING SYSTEM. INSURANCE ACCOUNTS WILL BE TRANSFERRED TO A BAD DEBT STATUS WHEN IT IS DETERMINED BY THE FINANCIAL COUNSELOR THAT THE ACCOUNT WILL REQUIRE MORE INTENSE COLLECTION EFFORTS THAN THOSE PROVIDED BY THE HOSPITAL BUSINESS OFFICE. FOR PATIENTS COVERED BY MEDICARE, THIS TRANSFER TO A BAD DEBT STATUS WILL NOT OCCUR BEFORE 120 DAYS AFTER FINAL BILLING BY THE HOSPITAL PATIENT

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ACCOUNTING SYSTEM.

SCHEDULE H, PART VI, LINE 2

NEEDS ASSESSMENT:

TO MEET ADDITIONAL STAKEHOLDER DATA NEEDS, AND HEAR FROM COMMUNITY MEMBERS ABOUT THEIR CONCERNS AND PRIORITIES, A COMMUNITY SURVEY, 2012 WNC HEALTHY IMPACT SURVEY (A.K.A 2012 PRC COMMUNITY HEALTH SURVEY), WAS DEVELOPED AND IMPLEMENTED IN 16 COUNTIES ACROSS WESTERN NORTH CAROLINA. THE SURVEY INSTRUMENT WAS DEVELOPED BY WNC HEALTHY IMPACT'S DATA WORKGROUP, CONSULTING TEAM, AND LOCAL PARTNERS, WITH ASSISTANCE FROM PROFESSIONAL RESEARCH CONSULTANTS, INC. (PRC). MANY OF THE QUESTIONS ARE DERIVED FROM THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS), AS WELL AS OTHER PUBLIC HEALTH SURVEYS; OTHER QUESTIONS WERE DEVELOPED SPECIFICALLY FOR WNC HEALTHY IMPACT TO ADDRESS PARTICULAR ISSUES OF INTEREST TO COMMUNITIES IN WESTERN NORTH CAROLINA. EACH COUNTY WAS GIVEN THE OPPORTUNITY TO INCLUDE THREE ADDITIONAL QUESTIONS OF PARTICULAR INTEREST TO THEIR COUNTY, WHICH WERE ASKED OF THEIR COUNTY'S RESIDENTS. THE

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GEOGRAPHIC AREA FOR THE REGIONAL SURVEY EFFORT INCLUDED 16 COUNTIES:

BUNCOMBE, CHEROKEE, CLAY, GRAHAM, HAYWOOD, HENDERSON, JACKSON, MACON,
MADISON, MCDOWELL, MITCHELL, POLK, RUTHERFORD, SWAIN, TRANSYLVANIA, AND
YANCEY COUNTIES.

TO ENSURE THE BEST REPRESENTATION OF THE POPULATION SURVEYED, A TELEPHONE
INTERVIEW METHODOLOGY (ONE THAT INCORPORATES BOTH LANDLINE AND CELL PHONE
INTERVIEWS) WAS EMPLOYED. THE PRIMARY ADVANTAGES OF TELEPHONE
INTERVIEWING ARE TIMELINESS, EFFICIENCY AND RANDOM SELECTION
CAPABILITIES. THE SAMPLE DESIGN USED FOR THIS REGIONAL EFFORT CONSISTED
OF A STRATIFIED RANDOM SAMPLE OF 3300 INDIVIDUALS AGE 18 AND OLDER IN
WESTERN NORTH CAROLINA. OUR COUNTY'S SAMPLE SIZE WAS 200. ALL
ADMINISTRATION OF THE SURVEYS, DATA COLLECTION AND DATA ANALYSIS WAS
CONDUCTED BY PROFESSIONAL RESEARCH CONSULTANTS, INC (PRC). THE
INTERVIEWS WERE CONDUCTED IN EITHER ENGLISH OR SPANISH, AS PREFERRED BY
THE RESPONDENTS.

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SCHEDULE H, PART VI, LINE 3

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:

PATIENTS WITH ESTIMATED BALANCES AFTER INSURANCE ARE CONTACTED PRIOR TO VISIT. THIS ALLOWS THE ESTIMATE TO BE PROVIDED TO PATIENT, AND TO DISCUSS INSURANCE BENEFITS AND ESTIMATED BALANCES AFTER INSURANCE. THIS DOES INCLUDE ALL SELF PAY PATIENTS AS WELL. A FINANCIAL COUNSELOR MAKES THIS CALL AND EXPLAINS ALL PAYMENT OPTIONS AND OPPORTUNITIES TO APPLY FOR MEDICAL ASSISTANCE. PATIENT REPRESENTATIVES ALSO FOLLOW UP WITH ALL SELF PAY PATIENTS TO PURSUE QUALIFICATION OF PATIENT INTO SOME TYPE OF ASSISTANCE (NCMEDICAID, DISABILITY, CRIME VICTIMS, VOCATIONAL REHAB OR OTHER POSSIBLE PAYMENT SOURCE). IF NO RESOURCES ARE IDENTIFIED FROM PATIENT REPRESENTATIVES, THE REPRESENTATIVE FACILITATES GETTING A MEDICAL ASSISTANCE APPLICATION TO THE PATIENT FOR POSSIBLE QUALIFICATION. REGISTRATION EMPLOYEES HAVE MEDICAL ASSISTANCE FORMS AND ARE TO PROVIDE THESE TO PATIENTS AT TIME OF REGISTRATION. PMAB (EXTENDED BUSINESS OFFICE) STAFF ALSO HAVE MEDICAL ASSISTANCE APPLICATIONS AND ARE TO PROVIDE THESE AS NECESSARY TO PATIENTS AFTER PHONE CONTACT. THE MEDICAL ASSISTANCE POLICY IS ON THE RRHS WEBSITE FOR PUBLIC VIEWING, ALONG WITH

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THE APPLICATION THAT CAN BE PRINTED FOR COMPLETION FROM THE INDIVIDUAL
REQUESTING ASSISTANCE.

SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

RUTHERFORD COUNTY, NORTH CAROLINA IS LOCATED IN THE FOOTHILLS OF THE
WESTERN REGION OF THE STATE OF SOUTH CAROLINA AND POLK, HENDERSON,
BUNCOMBE, MCDOWELL, BURKE, AND CLEVELAND COUNTIES BOUND RUTHERFORD
COUNTY. RUTHERFORD COUNTY'S LAND AREA COMPRISED OF VALLEYS, MOUNTAINS,
AND FLAT LAND IS 564.12 SQUARE MILES, AND 2 SQUARE MILES OF WATER. THE
COUNTY SEAT IS RUTHERFORDTON. THE COUNTY IS COMPRISED OF EIGHT
MUNICIPALITIES: BOSTIC, CHIMNEY ROCK, ELLENBORO, FOREST CITY,
RUTHERFORDTON, RUTH, SPINDALE AND LAKE LURE. ACCORDING TO THE MOST RECENT
US CENSUS BUREAU DATA FROM 2010, THE TOTAL POPULATION OF RUTHERFORD
COUNTY IS 67,810. OF THIS AMOUNT, 49% ARE MALE AND 51% ARE FEMALE. THE
RACIAL/ETHNIC BACKGROUND OF THE POPULATION INCLUDES 87.3% WHITE, 10.3%
BLACK OR AFRICAN AMERICAN, 3.7% HISPANIC OR LATINO WITH THE REMAINING AS
OTHER. OF THE TOTAL POPULATION, 20.4% HAVE NOT GRADUATED FROM HIGH SCHOOL

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OR OBTAINED A HIGH SCHOOL EQUIVALENCY. PERSONS BELOW POVERTY LEVEL FOR 2006-2010 WERE 20.7%, WITH MEDIAN HOUSEHOLD INCOME AT \$35,364. RUTHERFORD COUNTY WORKFORCE TOTALS 22,790 (2006 REPORT). IT BREAKS DOWN AS FOLLOWS: MANUFACTURING, 18.2 %; CONSTRUCTION, 5.5%; TRANSPORTATION AND UTILITIES, 21.4%; EDUCATION AND HEALTH SERVICES, 24%; PROFESSIONAL AND BUSINESS SERVICES, 9.3%; LEISURE AND HOSPITALITY, 8.4%; INFORMATION, 4%; FINANCIAL ACTIVITIES, 2%; PUBLIC ADMINISTRATION, 5.3% AND ALL OTHER, 2.08%. 21.4%; EDUCATION AND HEALTH SERVICES, 24%; PROFESSIONAL AND BUSINESS SERVICES, 9.3%; LEISURE AND HOSPITALITY, 8.4%; INFORMATION, 4%; FINANCIAL ACTIVITIES, 2%; PUBLIC ADMINISTRATION, 5.3% AND ALL OTHER, 2.08%.

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

RHI LEGACY, INC. IN 2013 PARTICIPATED IN, SPONSORED OR CONDUCTED A NUMBER OF COMMUNITY EVENTS AIMED AT PROMOTING HEALTH AND WELLNESS FOR PEOPLE OF ALL AGES. INCLUDED WERE:

-THE BABY AND CHILDRENS' FAIR IN WHICH EDUCATIONAL INFORMATION WAS DISTRIBUTED TO EXPECTANT PARENTS OR PARENTS OF NEWBORNS/TODDLERS

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-THE PRIME OF LIFE FESTIVAL, IN WHICH PROVIDERS AND CLINICIANS MET WITH AND SCREENED ATTENDEES WHO WERE OVER THE AGE OF 55 FOR SIGNS OF VJTPMOV DISEASE OR HIGH BLOOD PRESSURE, DIRECTING THOSE WITH ABNORMAL RESULTS TO AREA PROVIDERS

-THE RUTHERFORD BUSINESS EXPO DURING WHICH LOCAL EMPLOYERS WERE EDUCATED ON DISEASE MANAGEMENT PROGRAMS AND CLINICIANS WHO ARE AVAILABLE TO CONSULT WITH EMPLOYEES DESIRING TO PURSUE HEALTHIER LIFESTYLES; AND VARIOUS COMMUNITY HEALTH FAIRS HELD THROUGHOUT THE COMMUNITY DURING WHICH RUTHERFORD REGIONAL HAD A SIGNIFICANT PRESENCE IN EDUCATING PARTICIPANTS AND DISSEMINATING INFORMATION ABOUT HEALTHY LIFESTYLES.

-ALSO, RUTHERFORD REGIONAL BEGAN SPONSORING THE RUTHERFORD OUTDOOR COALITION, WHICH CONDUCTS RUNNING AND CYCLING EVENTS THROUGHOUT THE COUNTY.

-RUTHERFORD REGIONAL MEDICAL CENTER'S OCCUPATIONAL MEDICINE CENTER PROVIDES A VARIETY OF COST-EFFECTIVE HEALTHCARE SERVICES TO OUR BUSINESSES AND INDUSTRIES. THE CENTER'S OBJECTIVE IS TO PROVIDE THE BEST POSSIBLE CARE TO INJURED WORKERS AND, AT THE SAME TIME, ASSIST WITH REDUCING MEDICAL EXPENSES AND TIME AWAY FROM THE JOB. IN TODAY'S

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CLIMATE, WORKER'S COMPENSATION CLAIMS ACCOUNT FOR A LARGE PORTION OF INDUSTRIES' MEDICAL COSTS. THE GOAL IS TO ASSIST EMPLOYERS IN AN ATTEMPT TO DECREASE THESE EXPENDITURES. THE STAFF IS ALSO AVAILABLE TO ASSIST WITH CASE MANAGEMENT.

-THE RUTHERFORD REGIONAL CANCER OUTREACH PROGRAM CONTINUED ITS SUCCESSFUL NEW CANCER SUPPORT GROUP FOR ANYONE WHO HAS EVER HEARD THE WORDS "YOU HAVE CANCER". SURVIVIN' MEETS ON THE THIRD MONDAY OF EACH MONTH AT THE CANCER RESOURCE CENTER. EACH MONTH THE GROUP EXPLORES WAYS TO LIVE LIFE TO THE FULLEST AFTER A CANCER DIAGNOSIS. INFORMATION REGARDING NUTRITION, EXERCISE AND EMOTIONAL WELL-BEING IS ALSO PRESENTED. FRIENDS AND FAMILY MAY ATTEND AS WELL.

-THE RUTHERFORD REGIONAL AUXILIARY RAISED MONEY THROUGH FUNDRAISING PROJECTS SUCH AS \$5 JEWELRY SALES AND UNIFORM SALES, AND THROUGH THE OPERATION OF THE GIFT SHOP. THE AUXILIARY'S SERVICE AREAS INCLUDE THE FRONT DESK, GIFT SHOP, INTENSIVE CARE WAITING, MESSENGER, OUTPATIENT SERVICES AND SURGERY WAITING. VOLUNTEERS ALSO SERVE IN FOOD SERVICES, THE PET THERAPY PROGRAM, WITH THE TOY CHEST GROUP, AT THE CANCER RESOURCE CENTER AND ONESOURCE, AND AS TEEN VOLUNTEERS. IN JUNE, 50 TEEN VOLUNTEERS

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ATTENDED ORIENTATION, AND FOR THE NEXT SEVEN WEEKS THEY VOLUNTEERED IN 12 DIFFERENT AREAS IN THE MEDICAL CENTER, ALLOWING MANY ADULT VOLUNTEERS TAKE TIME OFF. THE TOY CHEST COMMITTEE MADE A TOTAL OF 669 ITEMS WHICH INCLUDED STUFFED ANIMALS, "PATIENT PALS" FOR PEDIATRIC PATIENTS, PILLOW AND TURBANS FOR MASTECTOMY PATIENTS AND BABY CAPS FOR NEWBORNS. DONATIONS WERE MADE LIFELINE DURING THE YEAR IN MEMORY OF AUXILIARY MEMBERS WHO PASSED AWAY. A TOTAL OF 200 ADULT VOLUNTEERS VOLUNTEERED 20,890 HOURS AND A TOTAL OF 50 TEEN VOLUNTEERS VOLUNTEERED 2,418 HOURS WITH A COMBINED TOTAL OF 23,308 SERVICE HOURS FOR THE YEAR. THE ACCUMULATED HOURS OF SERVICE TO RUTHERFORD REGIONAL, SINCE THE FOUNDING OF THE AUXILIARY 48 YEARS AGO, IS 889,890 HOURS AND THE ACCUMULATED DONATION IS \$3,160,089.

-THE SCHOOL OF CLINICAL PASTORAL EDUCATION OF RUTHERFORD REGIONAL MEDICAL CENTER IS ACCREDITED TO OFFER CPE LEVELS I & II BY THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. CLINICAL PASTORAL EDUCATION WILL ENABLE YOU TO INTEGRATE FAITH, EXPERIENCE AND KNOWLEDGE FOR MORE EFFECTIVE MINISTRY. CPE IS PROFESSIONAL TRAINING FOR MINISTRY DESIGNED FOR SEMINARIANS, CLERGY AND LAITY OF DIVERSE CULTURES, ETHNIC GROUPS AND FAITH TRADITIONS. THE METHOD IS LEARNING BY DOING AND REFLECTING UNDER

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- 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

THE DIRECTION OF A CERTIFIED ACPE SUPERVISOR; INSTRUCTED BY AN
 INTERDISCIPLINARY ADJUNCT FACULTY IN A SUPPORTIVE COLLEGIAL GROUP.
 MINISTRY. CPE IS PROFESSIONAL TRAINING FOR MINISTRY DESIGNED FOR
 SEMINARIANS, CLERGY AND LAITY OF DIVERSE CULTURES, ETHNIC GROUPS AND
 FAITH TRADITIONS. THE METHOD IS LEARNING BY DOING AND REFLECTING UNDER
 THE DIRECTION OF A CERTIFIED ACPE SUPERVISOR; INSTRUCTED BY AN
 INTERDISCIPLINARY ADJUNCT FACULTY IN A SUPPORTIVE COLLEGIAL GROUP.

SCHEDULE H, PART VI, LINE 6

AFFILIATED HEALTH CARE SYSTEM:

RUTHERFORD HOSPITAL CONTRIBUTED TO DLP RUTHERFORD REGIONAL HEALTH SYSTEM,
 LLC, ON JUNE 1, 2014. THIS WAS PART OF A CONTRIBUTION AGREEMENT ALONG
 WITH DLP HEALTHCARE, LLC, AND AFFILIATES OF DUKE LIFEPOINT HEALTHCARE.

**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

RHI LEGACY, INC.

Employer identification number

56-0619367

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on 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.

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

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.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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 ☒ No
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b** ☐ Yes ☒ No
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c** ☐ Yes ☒ No

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations 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** ☐ Yes ☒ No
- b** Any related organization? **5b** ☐ Yes ☒ No

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? **6a** ☐ Yes ☒ No
- b** Any related organization? **6b** ☐ Yes ☒ 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.

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

Schedule J (Form 990) 2013

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

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

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

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	MICHAEL WHEELER, MD	(i) 186,002.	0	0	0	0	186,002.	0
	TRUSTEE	(ii) 0	0	0	0	0	0	0
2	CINDY BUCK	(i) 192,252.	0	16,500.	0	11,283.	220,035.	0
	CEO ENDING 5/31/14	(ii) 0	0	0	0	0	0	0
3	CHARLES DANA BOND, MD	(i) 646,761.	0	16,500.	0	21,189.	684,450.	0
	PHYSICIAN	(ii) 0	0	0	0	0	0	0
4	DOUGLAS B FREELS, MD	(i) 485,551.	74,387.	16,500.	0	21,678.	598,116.	0
	PHYSICIAN	(ii) 0	0	0	0	0	0	0
5	GREGG ALLEN DRABEK, MD	(i) 302,986.	145,874.	11,000.	0	21,120.	480,980.	0
	PHYSICIAN	(ii) 0	0	0	0	0	0	0
6	ROD GONCALVES, MD	(i) 317,623.	115,304.	0	0	6,524.	439,451.	0
	PHYSICIAN	(ii) 0	0	0	0	0	0	0
7	JAMES EDWARD LEE, MD	(i) 282,467.	136,030.	0	0	21,687.	440,184.	0
	PHYSICIAN	(ii) 0	0	0	0	0	0	0
8	MICHAEL ROBERTS, MD	(i) 619,932.	0	16,500.	0	22,930.	659,362.	0
	CHIEF OF THE MEDICAL STAFF	(ii) 0	0	0	0	0	0	0
9		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
10		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
11		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
12		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
13		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
14		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
15		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0
16		(i) 0	0	0	0	0	0	0
		(ii) 0	0	0	0	0	0	0

Schedule J (Form 990) 2013

Part III Supplemental Information

Complete this part to 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

SCHEDULE J, PART I, LINE 3

CEO COMPENSATION DETERMINATION:

THE CEO WAS COMPENSATED DIRECTLY BY THE ORGANIZATION FOR SERVICES

PERFORMED. CONSISTENT WITH THE ORGANIZATION'S REBUTTABLE PRESUMPTION

POLICY, THE PROPOSED CEO COMPENSATION, ALONG WITH VARIOUS COMPARATIVE

HOSPITAL CEO COMPENSATION DATA, WAS PRESENTED TO THE PERSONNEL,

COMPLIANCE, AND QUALITY COMMITTEE OF THE BOARD OF TRUSTEES BY THE VICE

PRESIDENT OF HUMAN RESOURCES, FOR THEIR REVIEW. THE PCQ FOUND THAT THE

PROPOSED COMPENSATION WAS APPROPRIATE AND APPROVED IT AS PRESENTED.

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No 1545-0047

2013

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Department of the Treasury
Internal Revenue Service

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

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total ▶ \$												

Part III Grants or Assistance Benefiting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

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

Schedule L (Form 990 or 990-EZ) 2013

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) WILLIAM DEAN BUCK	SPOUSE OF CEO C BUCK	14,750	SALARY		X
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

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

Liquidation, Termination, Dissolution, or Significant Disposition of Assets

▶ Complete if the organization answered "Yes" to Form 990, lines 31 or 32; or Form 990-EZ, line 36.

► Attach certified copies of any articles of dissolution, resolutions, or plans.

▶ **Attach to Form 990 or 990-EZ.**

► Information about Schedule N (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

Part I	Liquidation, Termination, or Dissolution. Complete
--------	--

Part I Liquidation, Termination, or Dissolution. Complete this part if the organization answered "Yes" to Form 990, Part IV, line 31, or Form 990-EZ, line 36.

[illegible]

2 Did or will any officer, director, trustee, or key employee of the organization

a Become a director or trustee of a successor or transferee organization?

b Become an employee of, or independent contractor for, a successor or transferee organization?

c Become a direct or indirect owner of a successor or transferee organization?

d Receive, or become entitled to, compensation or other similar payments as a result of the organization's liquidation, termination, or dissolution?

e If the organization answered "Yes" to any of the questions in this line, provide the name of the person involved and explain in Part III

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

Schedule N (Form 990 or 990-EZ) (2013)

Part I Liquidation, Termination, or Dissolution (continued)

Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B), line 16 (Total assets), and line 26

(Total liabilities), should equal -0-

- 3** Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III **3**
- 4a** Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate? **4a**
- b** If "Yes," did the organization provide such notice? **4b**
- 5** Did the organization discharge or pay all of its liabilities in accordance with state laws? **5**
- 6a** Did the organization have any tax-exempt bonds outstanding during the year? **6a**
- b** Did the organization discharge or defease all of its tax-exempt bond liabilities during the tax year in accordance with the Internal Revenue Code and state laws? **6b**

c If "Yes" to line 6b, describe in Part III how the organization defeased or otherwise settled these liabilities. If "No," explain in Part III

Part II Sale, Exchange, Disposition, or Other Transfer of More Than 25% of the Organization's Assets. Complete this part if the organization answered "Yes" to Form 990, Part IV, line 32, or Form 990-EZ, line 36. Part II can be duplicated if additional space is needed

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
	CASH & CASH EQUIVALENTS	06/01/2014	8,636,834	SETTLEMENT STATEMENT	30-0811171	DLP RUTHERFORD REGIONAL HEALTH SYSTEM 330 SEVEN SPRINGS WAY BRENTWOOD, TN 37027	LLC
	INVENTORY	06/01/2014	1,377,517	SETTLEMENT STATEMENT	30-0811171	DLP RUTHERFORD REGIONAL HEALTH SYSTEM 330 SEVEN SPRINGS WAY BRENTWOOD, TN 37027	LLC
	LAND, BUILDINGS, AND EQUIPMENT	06/01/2014	26,376,978	SETTLEMENT STATEMENT	30-0811171	DLP RUTHERFORD REGIONAL HEALTH SYSTEM 330 SEVEN SPRINGS WAY BRENTWOOD, TN 37027	LLC
	SURVEY, TITLE, AND TRANSFER FEES	06/01/2014	23,116	SETTLEMENT STATEMENT	30-0811171	DLP RUTHERFORD REGIONAL HEALTH SYSTEM 330 SEVEN SPRINGS WAY BRENTWOOD, TN 37027	LLC
	GOODWILL	06/01/2014	240,000	SETTLEMENT STATEMENT	30-0811171	DLP RUTHERFORD REGIONAL HEALTH SYSTEM 330 SEVEN SPRINGS WAY BRENTWOOD, TN 37027	LLC

2 Did or will any officer, director, trustee, or key employee of the organization

- a** Become a director or trustee of a successor or transferee organization? **2a** X
- b** Become an employee of, or independent contractor for, a successor or transferee organization? **2b** X
- c** Become a direct or indirect owner of a successor or transferee organization? **2c** X
- d** Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets? **2d** X
- e** If the organization answered "Yes" to any of the questions in this line, provide the name of the person involved and explain in Part III

Schedule N (Form 990 or 990-EZ) (2013)

Part III **Supplemental Information.** Complete to provide the information required by Part I, lines 2e and 6c, and Part II, line 2e. Also complete this part to provide any additional information.

SCHEDULE N, PART II, LINE 1

LIABILITIES REPAID IN CONTRIBUTION AGREEMENT:

THE FOLLOWING LIABILITIES WERE REPAID AS PART OF THE CONTRIBUTION AGREEMENT WITH DLP HEALTHCARE, LLC, AS PART OF THE CONTRIBUTION TO DLP RUTHERFORD REGIONAL HEALTH SYSTEM, LLC.

- PAYOFF OF SERIES 2010 BONDS OF APPROXIMATELY \$20.75 MILLION
- SETTLEMENT PAYMENT ON SWAP OBLIGATIONS OF APPROXIMATELY \$700,000
- PAYMENT OF AGGREGATE TRANSACTION EXPENSES OF APPROXIMATELY \$450,000
- PAYMENT OF CAPITAL LEASES OF APPROXIMATELY \$1.98 MILLION

SCHEDULE N, PART II, LINE 2A

DIRECTORS OF THE PURCHASING ENTITY:

DLP RUTHERFORD REGIONAL HEALTH SYSTEM, LLC HAS TERRY HINES, MATT BRIGHT, ELIZABETH MILLER, AND JOE CARSON AS MEMBERS OF THE BOARD OF GOVERNORS. TERRY HINES IS ALSO AN OFFICER. THERE IS ALSO A BOARD OF TRUSTEES OF DLP RUTHERFORD REGIONAL HEALTH SYSTEM, LLC, ON WHICH DR. LUKE PERSON, DR. MIKE WHEELER, DR. SUMY JOSEPH, AND TERRY HINES SERVE.

SCHEDULE N, PART II, LINE 2B

EMPLOYEES OF THE PURCHASING ENTITY:

AS OF JUNE 1, 2014, AS PART OF THE TERMS OF THE CONTRIBUTION AGREEMENT, SUBSTANTIALLY ALL EMPLOYEES OF RHI LEGACY, INC., PREVIOUSLY KNOWN AS RUTHERFORD HOSPITAL, INC., BECAME EMPLOYEES OF THE DLP HEALTHCARE, LLC AND DLP RUTHERFORD REGIONAL HEALTH SYSTEM, LLC. THIS INCLUDES ALL OFFICERS AND EMPLOYEES LISTED ON PART VII OF THE FORM 990. THIS SPECIFICALLY INCLUDES MIKE ROBERTS, WHO IS NOW EMPLOYED THROUGH A PHYSICIAN GROUP RELATED TO THE DLP SYSTEM, AS WELL AS CINDY BUCK, WHO IS

Part III **Supplemental Information.** Complete to provide the information required by Part I, lines 2e and 6c, and Part II, line 2e. Also complete this part to provide any additional information.

CEO OF DLP RUTHERFORD REGIONAL HEALTH SYSTEM, LLC.

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 990-EZ or to provide any additional information.**
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

FORM 990, PART I, LINE 1

ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES:

OUR VISION IS THAT WE WILL PROVIDE AN EXCELLENT PATIENT CARE EXPERIENCE
EVERY TIME.

OUR VALUES ARE TRUST, EXCELLENCE, ACCOUNTABILITY, AND MUTUAL RESPECT.

FORM 990, PART III, LINE 3

SIGNIFICANT PROGRAM SERVICE CHANGES:

AS OF JUNE 1, 2014, THE RUTHERFORD HOSPITAL, INC. AND AFFILIATES BOARD OF
TRUSTEES, IN AN EFFORT TO STRENGTHEN THE HOSPITAL AND ENHANCE ITS ABILITY
TO PROVIDE OUTSTANDING CARE TO PATIENTS IN RUTHERFORD COUNTY AND
SURROUNDING COUNTIES, COMPLETED A CONTRIBUTION AGREEMENT TO FORM A JOINT
VENTURE WITH DUKE LIFEPOINT, LLC (DLP). GOVERNANCE OF THE JOINT VENTURE
WILL BE SHARED EQUALLY BETWEEN THE HOSPITAL AND DLP, GIVING THE COMMUNITY
A LONG-TERM VOICE IN THE HOSPITAL'S STRATEGIC DIRECTION.

UNDER THE CONTRIBUTION AGREEMENT THE HOSPITAL CONTRIBUTED HOSPITAL
OPERATIONS, SUBSTANTIALLY ALL PROPERTY AND EQUIPMENT AND CERTAIN WORKING
CAPITAL ASSETS AND LIABILITIES TO THE JOINT VENTURE. THE HOSPITAL INTENDS
TO UTILIZE CASH, INVESTMENTS AND REMAINING PROCEEDS TO FORM A COMMUNITY
FOUNDATION TO IMPROVE HEALTH AND WELLNESS IN THE COMMUNITY IN FUTURE
YEARS. SEE SCHEDULE N FOR FURTHER DETAIL.

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

FORM 990, PART III, LINE 4D

DESCRIPTION OF OTHER PROGRAM SERVICES:

THE HOSPITAL PROVIDES REGIONAL TREATMENT FOR BEHAVIORAL & MENTAL HEALTH SERVICES. PROGRAMS AND SERVICES INCLUDE 24-HR NURSING CARE, MEDICATION MANAGEMENT & EDUCATION, GROUP OR RECREATIONAL THERAPY, & FAMILY EDUCATION. THE BEHAVIORAL DEPARTMENT ALSO OFFERS PSYCHIATRIC INDEPENDENT MEDICAL EVALUATIONS, CONSULTATIONS, DIAGNOSIS, & TREATMENT OF VARIOUS CONDITIONS, INCLUDING DEPRESSION, ANXIETY, AUTISM, SLEEP DISORDERS, BRAIN INJURIES, HEADACHES, & DEMENTIA, AMONG OTHERS. ADDITIONALLY, THE ORGANIZATION PROVIDES GRANTS TO ORGANIZATIONS IN THE COMMUNITY.

FORM 990, PART IV, LINE 20B

YEAR OF AUDITED FINANCIAL STATEMENTS:

THE ATTACHED AUDITED FINANCIAL STATEMENTS ARE FOR THE PERIOD OF 10/1/13-5/31/14.

FORM 990, PART VI, SECTION A, LINE 4

SIGNIFICANT CHANGES TO GOVERNING DOCUMENTS:

THE FOLLOWING SIGNIFICANT CHANGES WERE MADE TO THE ORGANIZATION'S GOVERNING DOCUMENTS DURING THE FISCAL YEAR:

-NAME CHANGE TO RHI LEGACY INC.

-AT LEAST TWO (2) MEMBERS OF THE BOARD SHALL ALSO BE MEMBERS OF THE BOARD OF TRUSTEES OF RHI LEGACY FOUNDATION, INC.

-EACH TRUSTEE SHALL ATTEND AT LEAST FIFTY PERCENT (50%) OF ALL REGULAR

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

MEETINGS OF THE BOARD DURING EACH CALENDAR YEAR. FAILURE OF ANY TRUSTEE TO ATTEND SUCH MINIMUM PERCENTAGE OF REGULAR MEETINGS, UNLESS THE ABSENCES ARE EXCUSED BY THE CHAIRMAN FOR GOOD CAUSE SHOWN, SHALL CONSTITUTE IMMEDIATE DISQUALIFICATION OF SUCH TRUSTEE, CREATING A VACANCY ON THE BOARD WHICH MAY BE FILLED BY THE BOARD AS HEREINAFTER PROVIDED.

-THE OFFICERS OF THE CORPORATION SHALL CONSIST OF A CHAIRMAN, VICE-CHAIRMAN AND SECRETARY/TREASURER, AND SUCH OFFICERS AS THE BOARD MAY FROM TIME TO TIME ELECT. NO PERSON MAY HOLD MORE THAN ONE OFFICE.

-AT THE ANNUAL MEETING OF THE BOARD, THE NOMINATING COMMITTEE SHALL SUBMIT ITS NOMINATION(S) FOR SECRETARY/TREASURER, AND ITS RECOMMENDATION ON WHETHER THE SUCCESSION PLAN SET FORTH HEREIN SHOULD BE FOLLOWED, AND IN THE EVENT THAT IT RECOMMENDS THAT SUCH SUCCESSION PLAN NOT BE FOLLOWED, THEN IT SHALL ALSO SUBMIT ITS NOMINATION(S) FOR THE OFFICE(S) OF VICE-CHAIRMAN AND/OR CHAIRMAN AS APPROPRIATE. THE BOARD SHALL FIRST VOTE ON WHETHER TO FOLLOW THE SUCCESSION PLAN SET FORTH HEREIN. IF THE BOARD ELECTS TO FOLLOW SUCH SUCCESSION PLAN, THE NOMINATING COMMITTEE'S NOMINATION(S) FOR SECRETARY/TREASURER SHALL BE VOTED ON BY THE BOARD AND THE SECRETARY/TREASURER ELECTED, AND UPON THE ELECTION OF A NEW SECRETARY/TREASURER, THE TRUSTEE SERVING DURING THE PRIOR YEAR AS VICE-CHAIRMAN SHALL SUCCEED TO THE OFFICE OF CHAIRMAN, WITH THE THEN-SERVING CHAIRMAN STEPPING DOWN. IF, HOWEVER, THE BOARD, WITH OR WITHOUT THE RECOMMENDATION OF THE NOMINATING COMMITTEE, VOTES NOT TO FOLLOW THE SUCCESSION PLAN, THEN IT SHALL PROCEED TO VOTE ON THE

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

NOMINATING COMMITTEE, VOTES NOT TO FOLLOW THIS SUCCESSION PLAN, THEN IT SHALL PROCEED TO VOTE ON THE NOMINATING COMMITTEE'S NOMINATION(S) FOR VICE-CHAIRMAN AND/OR CHAIRMAN, AS APPROPRIATE, IF SUCH NOMINATIONS HAVE BEEN SUBMITTED BY THE NOMINATING COMMITTEE, AND IF THE NOMINATING COMMITTEE HAS NOT SUBMITTED SUCH ADDITIONAL NOMINATION(S), THEN THE VICE-CHAIRMAN AND/OR CHAIRMAN SHALL BE ELECTED BY THE BOARD FROM AMONG ITS MEMBERS. EACH OFFICER SHALL SERVE FOR A TERM OF ONE (1) YEAR, PROVIDED THAT THE BOARD MAY, WITH OR WITHOUT THE RECOMMENDATION OF THE NOMINATING COMMITTEE, ELECT TO EXTEND THE TERM OF ANY OFFICER FOR ONE (1) ADDITIONAL YEAR, THEREBY RESULTING IN THE TERM OF ALL THREE OFFICERS BEING SO EXTENDED IF THE SUCCESSION PLAN IS TO BE FOLLOWED. EACH OFFICER SHALL HOLD OFFICE UNTIL HIS/HER SUCCESSOR HAS BEEN DULY ELECTED AND QUALIFIED.

-THE CHAIRMAN SHALL BE THE CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, AND PRINCIPAL AND PRESIDING OFFICER OF THE CORPORATION, AND SHALL BE SOLELY RESPONSIBLE TO THE BOARD FOR THE DISCHARGE AND PERFORMANCE OF HIS/HER DUTIES AND RESPONSIBILITIES, AND SHALL EXECUTE SUCH DUTIES AND RESPONSIBILITIES IN STRICT ACCORDANCE WITH THE CHARTER, THESE BYLAWS, THE POLICIES, RULES, REGULATIONS, AND INSTRUCTIONS PROMULGATED FROM TIME TO TIME BY THE BOARD, AND THE LEGAL AND PROFESSIONAL REQUIREMENTS GOVERNING OPERATION OF THE CORPORATION. THE CHAIRMAN'S DUTIES/AUTHORITY INCLUDE, BUT NOT LIMITED TO, THE FOLLOWING:

(A) THE CHAIRMAN SHALL EXECUTE ON BEHALF OF THE CORPORATION (A) ALL DEEDS, MORTGAGES CONVEYANCES, NOTES, EVIDENCES OF INDEBTEDNESS AND OTHER

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

INSTRUMENTS REQUIRED BY LAW TO BE UNDER SEAL AND (B) ALL OTHER CONTRACTS AND AGREEMENTS.

(B) THE CHAIRMAN SHALL SERVE AS AN EX-OFFICIO MEMBER OF ANY COMMITTEE OF WHICH HE/SHE IS NOT ELECTED, APPOINTED, OR SPECIFIED HEREIN TO BE A REGULAR MEMBER. AS AN EX-OFFICIO MEMBER OF ANY COMMITTEE, THE CHAIRMAN SHALL SERVE AS A NON-VOTING MEMBER.

(C) THE CHAIRMAN SHALL, WITH THE SUPPORT AND DIRECTION OF THE BOARD, TAKE SUCH ACTIONS AS MAY BE NECESSARY FOR THE IMPLEMENTATION AND CARRYING OUT OF THE POLICIES, PROGRAMS, AND RESOLUTIONS DULY APPROVED OR ADOPTED BY THE BOARD.

(D) THE CHAIRMAN SHALL PRESIDE AT ALL MEETINGS OF THE TRUSTEES, WHEN PRESENT, AND IN GENERAL, SHALL PERFORM ALL DUTIES INCIDENT TO THE OFFICE OF THE CHAIRMAN AND ANY OTHER SUCH DUTIES MAY BE ASSIGNED TO HIM/HER FROM TIME TO TIME BY THE BOARD AND THAT MAY BE NECESSARY OR IN THE BEST INTEREST OF THE CORPORATION

-THE CHAIRMAN SHALL APPOINT, WITH THE APPROVAL OF THE BOARD, SUCH ASSISTANTS AND ADVISORS AS MAY BE REASONABLY NECESSARY TO PERFORM THE DUTIES OF THE CHAIRMAN AS SET FORTH HEREIN. THE CHAIRMAN MAY, WITH THE EXPRESS APPROVAL OF THE BOARD, DELEGATE SUCH OF HIS/HER DUTIES AND AUTHORITY AS THE CHAIRMAN, IN CONSULTATION WITH THE BOARD, MAY DEEM EXPEDIENT AND OTHERWISE IN THE BEST INTERESTS OF THE CORPORATION. IN ALL CASES OF DISPUTED AUTHORITY OR DISPUTED INTERPRETATION AS TO THESE BYLAWS, THE DECISION OF THE CHAIRMAN SHALL GOVERN UNTIL THE BOARD SHALL OTHERWISE RULE.

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

-UPON DISSOLUTION OF THE CORPORATION, THE BOARD SHALL, AFTER PAYING OR MAKING PROVISION FOR THE PAYMENT OR ALL LIABILITIES OF THE CORPORATION, DISPOSE OF ALL OF THE ASSETS OF THE CORPORATION EXCLUSIVELY FOR THE CHARITABLE PURPOSES OF THE CORPORATION IN SUCH MANNER, OR TO SUCH ORGANIZATION OR ORGANIZATIONS ORGANIZED AND OPERATED EXCLUSIVELY FOR CHARITABLE PURPOSES AS SHALL AT THE TIME QUALIFY AS AN EXEMPT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, AS THE BOARD SHALL DETERMINE.

FORM 990, PART VI, SECTION B, LINE 11B

PROCESS TO REVIEW THE FORM 990:

THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD 10/1/13-5/31/14 AND INTERNAL FINANCIAL STATEMENTS FOR THE PERIOD 6/1/14-9/30/14 AS WELL AS INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT AND MANAGEMENT. THE FORM 990 IS REVIEWED INTERNALLY BY MANAGEMENT AND THE ACCOUNTING DEPARTMENT AND IS THEN PROVIDED TO THE FINANCE COMMITTEE FOR REVIEW AND APPROVAL. AFTER THIS REVIEW, THE FULL BOARD OF DIRECTORS RECEIVES A COPY OF THE FORM 990 BEFORE FILING.

FORM 990, PART VI, SECTION B, LINE 12C

MONITORING COMPLIANCE WITH CONFLICT OF INTEREST:

THE ORGANIZATION HAS AN OBLIGATION TO CONDUCT ITS BUSINESS OPERATIONS, INCLUDING THE PROVISION OF PATIENT CARE, IN AN OBJECTIVE MANNER THAT IS NOT MOTIVATED BY AN INDIVIDUALS' DESIRE FOR PERSONAL OR FINANCIAL GAIN,

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

EITHER FOR THEMSELVES, THEIR FRIENDS, OR THEIR FAMILY MEMBERS. ESPECIALLY FOR THOSE ON THE BOARD OF TRUSTEES, EXECUTIVE COMMITTEE, KEY LEADERS OF RHI MEDICAL STAFF, EXECUTIVE AND MANAGEMENT LEADERSHIP TEAM, AND RHI STAFF DIRECTLY INVOLVED IN PROCUREMENT AND CASE MANAGEMENT SERVICES, THERE IS INCREASING REGULATORY OVERSIGHT AND ACCOMPANYING PUBLIC SCRUTINY OF SPECIFIC SITUATIONS ASSOCIATED WITH CONFLICTS OF INTEREST. THE ORGANIZATION'S COMPLIANCE OFFICER COMPLETES AN ANNUAL COMPLIANCE SURVEY TO ENSURE THAT THE CONFLICT OF INTEREST POLICY IS BEING ENFORCED EFFECTIVELY.

IN ADDITION, EMPLOYEES ARE REQUIRED TO PROACTIVELY IDENTIFY SPECIFIC CONFLICTS OF INTEREST. EMPLOYEES MUST SEEK GUIDANCE AND APPROVAL FROM THEIR DEPARTMENT DIRECTOR WHEN POTENTIAL CONFLICTS OF INTEREST ARE IDENTIFIED. WHEN DEEMED NECESSARY BY THEIR DEPARTMENT DIRECTOR, EMPLOYEES MUST AVOID OR DISCONTINUE THE ACTIVITY OR INTEREST AND MAY ALSO BE REQUIRED TO TAKE CORRECTIVE ACTION IF THEIR ACTIVITY HAS HARMED RHI IN ANY WAY. VIOLATION OF THE CONFLICT OF INTEREST POLICY IS GROUNDS FOR DISCIPLINARY ACTION APPROPRIATE TO THE VIOLATION UP TO AND INCLUDING TERMINATION.

FORM 990, PART VI, SECTION B, LINE 15A

REVIEW OF CEO COMPENSATION:

THE PERSONNEL, COMPLIANCE, AND QUALITY COMMITTEE OF THE BOARD OF TRUSTEES (THE "PCQ"), ACTING AS THE COMPENSATION COMMITTEE OF THE BOARD, REVIEWS AND APPROVES THE CEO COMPENSATION ANNUALLY USING THE ORGANIZATION'S REBUTTABLE PRESUMPTION POLICY WHICH IS BASED ON THE IRS "REBUTTABLE

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

PRESUMPTION OF REASONABLENESS" PROCEDURE. CONSISTENT WITH THAT POLICY, THE VICE PRESIDENT OF HUMAN RESOURCES PROVIDED THE PCQ WITH VARIOUS COMPARATIVE HOSPITAL CEO COMPENSATION DATA AND INDUSTRY AND MARKET STANDARDS. SPECIFICALLY, THE COMPARATIVE DATA USED DURING THIS YEAR'S ANNUAL REVIEW INCLUDED THAT FROM THE NC HOSPITAL ASSOCIATION, COMPDATA HEALTHCARE, AND NCHHRA COMPENSATION & BENEFITS SURVEY DATA FOR CEO COMPENSATION.

FORM 990, PART VI, SECTION B, LINE 15B

REVIEW OF OTHER OFFICER OR KEY EMPLOYEES COMPENSATION:

THE ORGANIZATION HAS A REBUTTABLE PRESUMPTION POLICY, UPDATED IN JULY 2013, ADMINISTERED BY THE PCQ COMMITTEE OF THE BOARD THAT COVERS THE REVIEW AND APPROVAL OF THE CEO AND OTHER LEADERS, INCLUDING TRUSTEES, OFFICERS, KEY EMPLOYEES, AND OTHER HIGHLY COMPENSATED EMPLOYEES OR INDEPENDENT CONTRACTORS. FOR POLICY PURPOSES, THIS APPLIES TO ALL HIGHLY COMPENSATED OFFICERS AND KEY EMPLOYEES WITH COMPENSATION EXCEEDING A THRESHOLD OF \$125,000 ANNUALLY IN TOTAL COMPENSATION. AFTER THE COMMITTEE'S INITIAL BENEFIT TRANSACTION REVIEW OF COMPENSATION FOR EACH OF THE OFFICERS AND KEY EMPLOYEES, FURTHER REVIEW WILL NOT BE NECESSARY EXCEPT FOR INSTANCES WHERE THERE HAS BEEN SIGNIFICANT CHANGES MADE IN THE SPAN OF AUTHORITY OR THE TOTAL VALUE OF THE EXISTING COMPENSATION ARRANGEMENT IS INCREASING BY MORE THAN THREE PERCENT.

FORM 990, PART VI, SECTION C, LINE 19

DOCUMENT DISCLOSURE:

THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND

Name of the organization

RHI LEGACY, INC.

Employer identification number

56-0619367

FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART VII

TRUSTEE COMPENSATION:

NO BOARD MEMBERS RECEIVE COMPENSATION FOR THEIR DUTIES AS TRUSTEES.

MICHAEL S WHEELER, MD, A TRUSTEE, IS CONTRACTED BY THE ORGANIZATION AS A MEDICAL DIRECTOR. THE COMPENSATION REPORTED IN PART VII IS RELATED TO HIS ROLE AS MEDICAL DIRECTOR AND NOT AS A TRUSTEE OF THE BOARD.

FORM 990, PART XI, LINE 9

OTHER CHANGES TO NET ASSETS:

\$(15,469,332) IMPAIRMENT LOSS

79,576 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP

828 TRANSFER FROM FOUNDATION

\$(15,388,928)

SCHEDULE R
(Form 990)Department of the Treasury
Internal Revenue Service

Name of the organization

RHI LEGACY, INC.

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

2013Open to Public
Inspection

Employer identification number

56-0619367

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) _____					
(2) _____					
(3) _____					
(4) _____					
(5) _____					
(6) _____					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) _____							
(2) _____							
(3) _____							
(4) _____							
(5) _____							
(6) _____							
(7) _____							

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

Schedule R (Form 990) 2013

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
(1) _____							Yes No		Yes No	
(2) _____							Yes No		Yes No	
(3) _____							Yes No		Yes No	
(4) _____							Yes No		Yes No	
(5) _____							Yes No		Yes No	
(6) _____							Yes No		Yes No	
(7) _____							Yes No		Yes No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percen- tage ownership	(i) Section 512(b)(13) controlled entity?
(1) _____								Yes No
(2) _____								Yes No
(3) _____								Yes No
(4) _____								Yes No
(5) _____								Yes No
(6) _____								Yes No
(7) _____								Yes No

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a Receipt of (i) interest (iii) royalties or (iv) rent from a controlled entity
- b Gift, grant, or capital contribution to related organization(s)
- c Gift, grant, or capital contribution from related organization(s)
- d Loans or loan guarantees to or for related organization(s)
- e Loans or loan guarantees by related organization(s)
- f Dividends from related organization(s)
- g Sale of assets to related organization(s)
- h Purchase of assets from related organization(s)
- i Exchange of assets with related organization(s)
- j Lease of facilities, equipment, or other assets to related organization(s)
- k Lease of facilities, equipment, or other assets from related organization(s)
- l Performance of services or membership or fundraising solicitations for related organization(s)
- m Performance of services or membership or fundraising solicitations by related organization(s)
- n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o Sharing of paid employees with related organization(s)
- p Reimbursement paid to related organization(s) for expenses
- q Reimbursement paid by related organization(s) for expenses
- r Other transfer of cash or property to related organization(s)
- s Other transfer of cash or property from related organization(s)

		(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
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				
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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 section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate 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	
(1) DUE BUTHERFORD REGIONAL HE_ 30-0811171 330 SEVEN SPRIN BRENTWOOD, TN 37027	HOSPITAL	NC	RELATED		X	0			X	0		X	20 0000
(2) -----													
(3) -----													
(4) -----													
(5) -----													
(6) -----													
(7) -----													
(8) -----													
(9) -----													
(10) -----													
(11) -----													
(12) -----													
(13) -----													
(14) -----													
(15) -----													
(16) -----													

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)



NORTH CAROLINA

Department of the Secretary of State

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF AMENDMENT

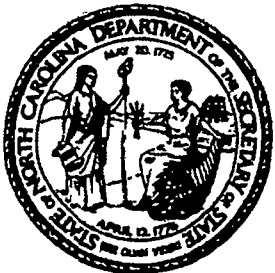
OF

RUTHERFORD HOSPITAL, INCORPORATED

WHICH CHANGED ITS NAME TO

RHI LEGACY, INC.

the original of which was filed in this office on the 19th day of June, 2014.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 19th day of June, 2014.

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

SOSID: 0127460
Date Filed: 6/19/2014 5:01:00 PM
Elaine F. Marshall
North Carolina Secretary of State

C2014 163 00299

ARTICLES OF AMENDMENT
NONPROFIT CORPORATION

Pursuant to §55A-10-05 of the General Statutes of North Carolina, the undersigned corporation hereby submits the following Articles of Amendment for the purpose of amending its Articles of Incorporation.

1. The name of the corporation is: Rutherford Hospital, Incorporated

2. The text of each amendment adopted is as follows (*state below or attach*):

The name of the entity is being changed from "Rutherford Hospital, Incorporated" to "RHI Legacy, Inc."

3. The date of adoption of each amendment was as follows: _____

May 12, 2014

4. (*Check a, b, and/or c, as applicable*)

a. ☒ The amendment(s) was (were) approved by a sufficient vote of the board of directors or incorporators, and member approval was not required because (*set forth a brief explanation of why member approval was not required*) The corporation has no members

b. _____ The amendment(s) was (were) approved by the members as required by Chapter 55A.

c. _____ Approval of the amendment(s) by some person or persons other than the members, the board, or the incorporators was required pursuant to N.C.G.S. §55A-10-30, and such approval was obtained.

5. These articles will be effective upon filing, unless a date and/or time is specified: N/A

This the 9th day of June, 2014

Rutherford Hospital, Incorporated

Name of Corporation



Signature

Matthew P. Bright, Chairman of the Board of Trustees

Type or Print Name and Title

Notes:

1. Filing fee is \$25. This document and one exact or conformed copy of these articles must be filed with the Secretary of State.

Rutherford Hospital, Inc. and Affiliates

**Independent Auditor's Report and Consolidated
Financial Statements**

May 31, 2014

Rutherford Hospital, Inc. and Affiliates
May 31, 2014

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Statement of Operations	4
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Statement of Cash Flows	6
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Other Information

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Independent Auditor's Report

Board of Trustees
Rutherford Hospital, Inc. and Affiliates
Rutherfordton, North Carolina

We have audited the accompanying consolidated financial statements of Rutherford Hospital, Inc. and Affiliates, which comprise the consolidated balance sheet as of May 31, 2014, and the related consolidated statements of operations, changes in net assets and cash flows for the period from October 1, 2013 to May 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rutherford Hospital, Inc. and Affiliates as of May 31, 2014, and the results of its operations, the changes in its net assets and its cash flows for the period from October 1, 2013 to May 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 17*, the Hospital entered into a contribution agreement, whereby, the property and equipment and Hospital operations were sold to with Duke LifePoint, LLC effective June 1, 2014. Our opinion is not modified with respect to this matter.

Supplementary Information

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

BKD, LLP

Springfield, Missouri
December 1, 2014

Rutherford Hospital, Inc. and Affiliates
Consolidated Balance Sheet
May 31, 2014

Assets

Current Assets

Cash	\$ 1,077,057
Patient accounts receivable, net of allowance of \$13,823,000	10,955,192
Other receivables	4,453,126
Inventory	1,744,324
Prepaid expenses and other	<u>722,089</u>

Total current assets	<u>18,951,788</u>
----------------------	-------------------

Assets Limited As To Use

Internally designated	29,964,302
Externally restricted	<u>898,416</u>
	<u>30,862,718</u>

Investments	<u>539,721</u>
-------------	----------------

Property and Equipment, Net	<u>27,716,150</u>
-----------------------------	-------------------

Other Assets

Goodwill	599,042
Deferred financing costs	325,664
Other	<u>870,820</u>
	<u>1,795,526</u>

Total assets	<u><u>\$ 79,865,903</u></u>
--------------	-----------------------------

Liabilities and Net Assets

Current Liabilities

Current maturities of long-term debt	\$ 21,264,313
Accounts payable	8,153,977
Accrued expenses	4,457,796
Estimated amounts due to third-party payers	<u>997,405</u>

Total current liabilities	34,873,491
---------------------------	------------

Long-Term Debt	74,338
----------------	--------

Estimated Insurance Liabilities and Other	1,560,161
---	-----------

Interest Rate Swap Agreement	<u>728,177</u>
------------------------------	----------------

Total liabilities	<u>37,236,167</u>
-------------------	-------------------

Net Assets

Unrestricted	42,235,679
Temporarily restricted	325,505
Permanently restricted	<u>68,552</u>

Total net assets	<u>42,629,736</u>
------------------	-------------------

Total liabilities and net assets	<u><u>\$ 79,865,903</u></u>
----------------------------------	-----------------------------

Rutherford Hospital, Inc. and Affiliates
Consolidated Statement of Operations
Period From October 1, 2013 to May 31, 2014

Unrestricted Revenues, Gains and Other Support

Patient service revenue (net of contractual discounts and allowances)	\$ 58,667,405
Provision for uncollectible accounts	<u>(9,738,321)</u>
Net patient service revenue less provision for uncollectible accounts	48,929,084
Other	687,229
Net assets released from restrictions used for operations	<u>53,004</u>
Total unrestricted revenues, gains and other support	<u>49,669,317</u>

Expenses and Losses

Salaries and wages	25,189,907
Employee benefits	6,603,133
Professional services and professional fees	7,680,608
Supplies and other	15,305,267
Depreciation and amortization	4,413,052
Interest	<u>422,401</u>
Total expenses and losses	<u>59,614,368</u>

Operating Loss	<u>(9,945,051)</u>
-----------------------	--------------------

Other Income (Expense)

Contributions	64,270
Investment return	2,236,144
Change in fair value of interest rate swap agreement	79,576
Loss on impairment of long-lived assets	<u>(15,469,332)</u>
Total other income (expense)	<u>(13,089,342)</u>

**Deficiency of Revenues Over Expenses and
Decrease in Unrestricted Net Assets**

\$ (23,034,393)

Rutherford Hospital, Inc. and Affiliates
Consolidated Statement of Changes in Net Assets
Period From October 1, 2013 to May 31, 2014

Unrestricted Net Assets	
Deficiency of revenues over expenses	<u>\$ (23,034,393)</u>
Decrease in unrestricted net assets	<u>(23,034,393)</u>
Temporarily Restricted Net Assets	
Investment return	12,523
Contributions received	42,440
Net assets released from restriction	<u>(53,004)</u>
Increase in temporarily restricted net assets	<u>1,959</u>
Change in Net Assets	<u>(23,032,434)</u>
Net Assets, Beginning of Period	<u>65,662,170</u>
Net Assets, End of Period	<u><u>\$ 42,629,736</u></u>

Rutherford Hospital, Inc. and Affiliates
Consolidated Statement of Cash Flows
Period From October 1, 2013 to May 31, 2014

Operating Activities

Change in net assets	\$ (23,032,434)
Items not requiring (providing) operating cash flow	
Depreciation and amortization	4,413,052
Loss on impairment of long-lived assets	15,469,332
Provision for uncollectible accounts	9,738,321
Net gains on investments	(2,228,770)
Change in fair value of interest rate swap agreement	(79,576)
Accrued self-insurance costs	(23,666)
Changes in	
Patient accounts receivable, net	(9,619,310)
Estimated amounts due to and from third-party payers	(418,655)
Accounts payable and accrued expenses	2,649,717
Other current assets and liabilities	(227,832)
Net cash used in operating activities	<u>(3,359,821)</u>

Investing Activities

Purchases of investments	(17,320,518)
Proceeds from disposition of investments	21,180,465
Purchases of property and equipment	<u>(720,634)</u>
Net cash provided by investing activities	<u>3,139,313</u>

Financing Activities

Principal payments on capital lease	(343,448)
Principal payments on long-term debt	<u>(535,000)</u>
Net cash used in financing activities	<u>(878,448)</u>

Decrease in Cash (1,098,956)

Cash, Beginning of Period 2,176,013

Cash, End of Period \$ 1,077,057

Supplemental Cash Flows Information

Interest paid	\$ 422,401
Property and equipment in accounts payable	\$ 918,723

Rutherford Hospital Inc. and Affiliates

Notes to Consolidated Financial Statements

May 31, 2014

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

Nature of Operations and Principles of Consolidation

Rutherford Hospital Inc. and Affiliates (the "Hospital") is a network of not-for-profit operating affiliates located in Rutherfordton, North Carolina. The activities of the principal entities comprising the Hospital are summarized below:

Rutherford Hospital – Rutherford Hospital is a 143-bed acute care hospital providing inpatient, outpatient and emergency services primarily to the residents of Rutherford County, North Carolina.

Carolina Community Care – Carolina Community Care provides comprehensive health care in the home environment primarily to the residents of Rutherford County, North Carolina, and surrounding counties. Services provided include home health care, companion services, alternative programs for disabled adults, case management and personal care.

Physician Practices – Physician Practices is comprised of eight physician practices specializing in family medicine, behavioral health services, general surgery, anesthesia, plastic surgery, urology and orthopedic surgery practice.

Rutherford Hospital Auxiliary – Rutherford Hospital Auxiliary (the "Auxiliary") provides support to the programs, services and staff of Rutherford Hospital. The Auxiliary carries out this purpose by operating a gift shop within Rutherford Hospital.

Rutherford Hospital Foundation – Rutherford Hospital Foundation (the "Foundation") supports the health and welfare of the people of Rutherford County, North Carolina, by promoting philanthropic contributions and public support for Rutherford Hospital.

The consolidated financial statements include the accounts of Rutherford Hospital and all wholly owned or controlled subsidiaries. All significant intercompany balances and transactions have been eliminated.

Fiscal Period

The financial statements encompass the period from October 1, 2013 to May 31, 2014. Effective June 1, 2014, the Hospital's entered into a joint venture with Duke LifePoint, LLC (DLP) as discussed in *Note 17*.

Use of Estimates

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

Rutherford Hospital Inc. and Affiliates

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Cash

At May 31, 2014, the Hospital's cash accounts exceeded federally insured limits by approximately \$1,180,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value and are classified as trading securities. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

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

Assets Limited As To Use

Assets limited as to use include (1) assets restricted by donors and under deferred compensation arrangements and (2) assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes.

Patient Accounts Receivable

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

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

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

Rutherford Hospital Inc. and Affiliates

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The Hospital's allowance for doubtful accounts for self-pay patient accounts receivable expressed as a percentage of self-pay accounts receivable was 87% at May 31, 2014. In addition, the Hospital's write-offs were approximately \$9,440,000 for the period from October 1, 2013 to May 31, 2014.

Inventory

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

Property and Equipment

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

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	10 - 40 years
Leasehold improvements	2 - 5 years
Equipment	3 - 20 years

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

Long-Lived Asset Impairment

The Hospital evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

As of May 31, 2014, the Hospital determined its carrying value of property and equipment exceeded its fair value. Therefore, the Hospital recorded an impairment loss of \$15,469,332 as of period end.

Deferred Financing Costs

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

Rutherford Hospital Inc. and Affiliates

Notes to Consolidated Financial Statements

May 31, 2014

Goodwill

The Hospital acquired certain physician practices for prices in excess of the fair value of identifiable assets, thereby generating goodwill. The Hospital evaluates goodwill annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in financial statements. No goodwill impairment was recognized during the period from October 1, 2013 to May 31, 2014.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Net Patient Service Revenue

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

Charity Care

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

Contributions

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

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

Rutherford Hospital Inc. and Affiliates

Notes to Consolidated Financial Statements

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Professional Liabilities Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 6*.

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

The Hospital files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Hospital is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

Deficiency of Revenues Over Expenses

The statement of operations includes deficiency of revenues over expenses. Changes in unrestricted net assets which are excluded from deficiency of revenues over expenses, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Hospital has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to \$150,000.

Transfers Between Fair Value Hierarchy Levels

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

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is

Rutherford Hospital Inc. and Affiliates

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approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Hospital recognizes revenue only after management meets all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period. No revenue was recorded for the period from October 1, 2013 to May 31, 2014, in the consolidated statement of operations.

Subsequent Events

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

Note 2: Net Patient Service Revenue

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

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

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

Rutherford Hospital Inc. and Affiliates

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Medicaid Inpatient Medicaid services are reimbursed by using a payment per discharge system with case-mix adjustments based on a Diagnosis Related Group (DRG) system. Outpatient Medicaid services are reimbursed at a certain percentage of allowable costs, with certain cost being reimbursed based on a prescribed fee schedule.

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

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized for the period from October 1, 2013 to May 31, 2014, was approximately:

Medicare	\$ 24,464,232
Medicaid	6,073,307
Other third-party payers	15,443,568
Patients	<u>12,686,298</u>
	<u>\$ 58,667,405</u>

Note 3: Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at May 31, 2014, is:

Medicare	27%
Medicaid	19%
Other third-party payers	36%
Patients	<u>18%</u>
	<u>100%</u>

Rutherford Hospital Inc. and Affiliates

Notes to Consolidated Financial Statements

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Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use include:

Cash and cash equivalents	\$ 1,446,731
Fixed income securities	5,047,042
Equity securities	13,900,017
Mutual funds	10,429,334
Accrued income	39,594
	<u>\$ 30,862,718</u>

Other Investments

Long-term investments include:

Cash and cash equivalents	\$ 31,939
Mutual funds	507,782
	<u>\$ 539,721</u>

Total investment return is comprised of the following:

Interest and dividend income	\$ 19,897
Realized and unrealized gains on trading securities	2,228,770
	<u>\$ 2,248,667</u>

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

Unrestricted net assets	
Investment return	\$ 2,236,144
Temporarily restricted net assets	12,523
	<u>\$ 2,248,667</u>

Rutherford Hospital Inc. and Affiliates

Notes to Consolidated Financial Statements

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Note 5: Property and Equipment

Property and equipment includes the following at May 31, 2014:

Land and land improvements	\$ 3,442,474
Building and leasehold improvements	61,261,636
Equipment	54,859,492
Construction in progress	72,534
	<hr/> 119,636,136
Less accumulated depreciation	91,919,986
	<hr/> <hr/> \$ 27,716,150

Note 6: Professional Liability and Other Claims

The Hospital purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. The Hospital also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy. At period end, the Hospital purchased tail coverage to provide malpractice coverage for claims reported subsequent to May 31, 2014.

Based upon the Hospital's claims experience, an accrual had been made for the Hospital's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately \$553,108 as of May 31, 2014. Based upon the Hospital's claims experience, an accrual had been made for the Hospital's estimated workers' compensation costs amounting to approximately \$378,913 as of May 31, 2014. An estimate of proceeds to be received from the Hospital's insurance providers of \$491,907 for malpractice claims and \$378,913 for workers' compensation claims as of May 31, 2014, has been recorded in other assets. It is reasonably possible that this estimate could change materially in the near term.

Note 7: Long-Term Debt

Series 2010 Bonds (A)	\$ 20,723,530
Capital lease obligation (B)	290,079
Capital lease obligation (C)	325,042
	<hr/> 21,338,651
Less current maturities	21,264,313
	<hr/> <hr/> \$ 74,338

Rutherford Hospital Inc. and Affiliates
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- (A) In December 2010, the Hospital entered into an agreement with the North Carolina Medical Care Commission (the "Commission") whereby the Commission issued \$22,160,000 of North Carolina Medical Care Commission Health Care Facilities Revenue and Refunding Bonds, Series 2010 (Series 2010 Bonds). The Hospital used \$8,140,000 of the proceeds to advance refund the outstanding portions of the Series 2001 Bonds. The remaining proceeds of the bond issuance were used to finance capital projects and pay for the costs of issuance. The 2010 Bonds are variable rate bonds and the interest rate was 1.56% at May 31, 2014. The Bonds are payable in monthly installments of \$75,000 beginning December 1, 2012, with monthly payments increasing annually to \$135,000 through maturity on December 1, 2030. The Bonds are secured by the Hospital's net revenues, accounts receivable and general intangibles.

Upon issuance, the Hospital entered into a Reimbursement Note with a financial institution that is due on demand with 180-day notice, however, a mandatory purchase cannot occur until December 16, 2017, or after. At such time, the direct placement can be extended with the financial institution, an alternate financial institution could be obtained or the note could convert to a weekly, long-term or adjustable interest rate mode.

The Series 2010 Bonds Loan Agreement and Revenue Note requires the Hospital to comply with certain restrictive covenants, including maintaining a debt service coverage ratio, unrestricted liquid asset ratio and debt to capitalization ratio among others. At May 31, 2014, the Hospital is not in compliance with certain of its debt covenants, therefore, the Series 2010 Bonds are shown as current maturities at period end.

In association with the Series 2010 Bond, the Hospital entered into an interest rate swap agreement on April 29, 2011, to help mitigate exposure to future changes in interest rates. See *Note 8* for additional discussion on the interest rate swap agreement.

- (B) Capital lease obligation due September 2015; payable \$18,942 monthly including interest at an imputed rate of 6.00%; collateralized by equipment.
- (C) Capital lease obligation due May 2015; payable \$27,975 monthly including interest at an imputed rate of 6.00%; one month lease payment as a security deposit which will be applied toward the total amount due if no event of default occurs.

In connection with the sale of operations to Duke LifePoint, LLC on June 1, 2014, all long-term debt (including capital lease obligations) was paid in full in June 2014, as discussed in *Note 17*.

Rutherford Hospital Inc. and Affiliates
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Aggregate annual maturities of long-term debt and payments on capital lease obligations at May 31, 2014, are:

	Long-Term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2015	\$ 20,723,530	\$ 563,009
2016	-	75,277
	<u>\$ 20,723,530</u>	<u>638,286</u>
Less amount representing interest		23,165
Present value of future minimum lease payments		615,121
Less current maturities		540,783
Noncurrent portion		<u>\$ 74,338</u>

Note 8: Derivative Financial Instrument

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate risk, the Hospital entered into an interest rate swap agreement with a financial institution in conjunction with a portion of the \$22,160,000 Bonds (see *Note 7 (A)*) on December 16, 2010. The agreement provides for the Hospital to receive interest from the counterparty equivalent to the 30-day LIBOR rate times a multiplier of 0.68 plus the bank credit spread of 1.4625 and to pay interest to the counterparty at a fixed rate of 4.13%. At May 31, 2014, the notional amount was \$10,400,000. Under the agreement, beginning on the effective date of December 1, 2012, the Hospital will pay or receive the net interest amount monthly, with the monthly settlements included in interest expense. The swap expires on December 1, 2017. Through a credit support agreement with the counterparty, the interest rate swap agreement is secured by the Hospital's net revenues, accounts receivable and general intangibles.

The fair value of the interest rate swap agreement was \$(728,177) at May 31, 2014, which is included as a noncurrent liability on the consolidated balance sheet. The change in fair value thereof for the period from October 1, 2013 to May 31, 2014, which was a gain of \$79,576 is included in other income in the consolidated statement of operations. The monthly cash flow settlements of the interest rate swap agreement were \$158,850 for the period from October 1, 2013 to May 31, 2014, and is included within interest expense in the consolidated statement of operations.

In connection with the sale of operations to Duke LifePoint, LLC on June 1, 2014, the interest rate swap agreement was paid in full in June 2014, as discussed in *Note 17*

Rutherford Hospital Inc. and Affiliates

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Note 9: Employee Benefits

The Hospital sponsors a defined contribution retirement plan (the "Retirement Plan"), organized under Section 403(b) of the Internal Revenue Code, for all employees who work at least 1,000 hours per year. The Retirement Plan provides tax-deferred annuities to its participants. In January 2009, the Hospital amended the Retirement Plan and discontinued making matching contributions at that time.

The Hospital also provides a 457(b) deferred compensation plan. The plan is eligible to certain key employees of the Hospital. The plans consist of salary reduction only and there are no contributions by the Hospital. Under the terms of the plans, the deferred compensation liability and related assets limited as to use are recorded by the Hospital and are subject to the general creditors of the Hospital. At May 31, 2014, the investment balance in these plans is \$628,140.

Note 10: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

Scholarships and various health care services	\$ 325,505
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During the period from October 1, 2013 to May 31, 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of \$15,485.

Permanently restricted net assets are restricted to:

Investments to be held in perpetuity, income is restricted for scholarships	\$ 68,552
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Note 11: Charity Care

The costs of charity care provided under the Hospital's charity care policy was approximately \$900,000 for the period from October 1, 2013 to May 31, 2014. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 12: Functional Expenses

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

Health care services	\$ 45,086,347
General and administrative	14,528,021
	<u>\$ 59,614,368</u>

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Note 13: Disclosures About Fair Value of Assets and Liabilities

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

- | | |
|----------------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. |

Recurring Measurements

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

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

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

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

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Investments				
Money market funds	\$ 984,666	\$ 984,666	\$ -	\$ -
Fixed income securities	5,047,042	-	5,047,042	-
Equity and mutual fund securities				
Large cap	11,070,726	11,070,726	-	-
Small-Mid cap	3,688,798	3,688,798	-	-
International	2,420,004	2,420,004	-	-
Emerging market	286,004	286,004	-	-
Real estate	758,057	758,057	-	-
Fixed income	5,487,345	5,487,345	-	-
Other	1,126,199	1,126,199	-	-
Derivative financial instruments				
Interest rate swap agreement	(728,177)	-	(728,177)	-

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

Cash

The carrying amount approximates fair value.

Long-Term Debt Excluding Capital Lease Obligations

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

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The following table presents estimated fair values of the Hospital's financial instruments at May 31, 2014.

	Carrying Amount Value	Fair Value
Financial Assets (Liabilities)		
Cash	\$ 1,077,057	\$ 1,077,057
Long-term debt excluding capital lease obligations	(20,723,530)	(20,723,530)

Note 14: Significant Estimates and Concentrations

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

Allowance for Net Patient Service Revenue Adjustments

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

Medical Malpractice Claims

Estimates related to the accrual for professional liability claims are described in *Notes 1 and 6*.

Patient Revenues

For the period from October 1, 2013 to May 31, 2014, approximately 11% of net patient revenues were derived from a nonemployed physician group.

Litigation

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

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Investments

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

Economic Conditions

The current protracted economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the high unemployment rate, have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid Program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and pledges receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Note 15: Medicaid Enhancement Programs

The Hospital participates in two voluntary North Carolina Medicaid programs designed to reduce the disparity between cost of providing service to Medicaid and the uninsured population and reimbursement received. The Hospital has historically participated in the Medicaid Reimbursement Initiative and recognized supplemental Medicaid reimbursement of approximately \$590,000 in net patient service revenues for the period from October 1, 2013 to May 31, 2014, under this program.

The State of North Carolina enacted legislation (the "GAP Assessment Program") in 2011 intended to implement a program such that the State can further supplement existing deficits in providing Medicaid and uninsured costs. The GAP Assessment Program was approved by CMS during 2012, retroactive to 2011. For the period from October 1, 2013 to May 31, 2014, the Hospital paid assessments of approximately \$1,170,000, which are recorded as a component of supplies and other within the statement of operations. The Hospital received approximately \$3,280,000 for the period from October 1, 2013 to May 31, 2014, of supplemental Medicaid funds, which was recorded as a component of net patient service revenue.

Rutherford Hospital Inc. and Affiliates

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Currently, management has estimated that no funds are expected to be repaid under these programs; however, it is reasonably possible that circumstances could change materially in the near term.

Note 16: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of North Carolina has initially indicated it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Hospital's reduced revenue from other Medicare/Medicaid programs.

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

Note 17: Joint Venture with Duke LifePoint, LLC

As of April 24, 2014, the Rutherford Hospital, Inc. and Affiliates Board of Trustees, in an effort to strengthen the Hospital and enhance its ability to provide outstanding care to patients in Rutherford County and surrounding counties, completed a contribution agreement to form a joint venture with Duke LifePoint, LLC (DLP). Governance of the joint venture will be shared equally between the Hospital and DLP, giving the community a long-term voice in the Hospital's strategic direction.

Under the contribution agreement the Hospital will contribute hospital operations, substantially all property and equipment and certain working capital assets and liabilities to the joint venture for approximately \$28 million plus a 20% interest in the joint venture. In addition, the Hospital retained the cash and investments of approximately \$30 million. The Hospital utilized the proceeds received from the contribution agreement to repay all outstanding bonds, capital leases, swap agreements and other remaining liabilities retained after the transaction of approximately \$24 million. The Hospital intends to utilize cash, investments and remaining proceeds to form a community foundation to improve health and wellness in the community in future years.

Supplementary Information

Rutherford Hospital Inc. and Affiliates

Consolidating Schedule – Balance Sheet Information

May 31, 2014

Assets	Rutherford Hospital	Carolina		Physician Practices	Rutherford Hospital		Rutherford Hospital Foundation	Eliminations	Consolidated
		Rutherford Hospital	Community Care		Auxiliary				
Current Assets									
Cash	\$ 681,959	\$ 100	\$ 2,375	\$ 65,136	\$ 327,487	\$ -	\$ -	\$ -	\$ 1,077,057
Patient accounts receivable, net	8,731,084	1,086,131	1,137,977	-	-	-	-	-	10,955,192
Other receivables	4,446,665	361	6,100	-	-	-	-	-	4,453,126
Inventory	1,666,707	-	55,190	22,427	-	-	-	-	1,744,324
Prepaid expenses and other	722,089	-	-	-	-	-	-	-	722,089
Total current assets	16,248,504	1,086,592	1,201,642	87,563	327,487	-	-	-	18,951,788
Due (To) From Affiliates	(1,687)	(6,134)	4,681	-	3,140	-	-	-	-
Assets Limited As To Use									
Internally designated	29,964,302	-	-	-	-	-	-	-	29,964,302
Externally restricted	628,140	-	-	-	270,276	-	-	-	898,416
	30,592,442	-	-	-	270,276	-	-	-	30,862,718
Investments	-	-	-	-	539,721	-	-	-	539,721
Property and Equipment, Net	23,702,464	400,869	3,594,597	477	17,743	-	-	-	27,716,150
Other Assets									
Goodwill	-	-	599,042	-	-	-	-	-	599,042
Deferred financing costs	325,664	-	-	-	-	-	-	-	325,664
Other	870,820	-	-	-	-	-	-	-	870,820
	1,196,484	-	599,042	-	-	-	-	-	1,795,526
Total assets	\$ 71,738,207	\$ 1,481,327	\$ 5,399,962	\$ 88,040	\$ 1,158,367	\$ -	\$ -	\$ -	\$ 79,865,903

Rutherford Hospital Inc. and Affiliates
Consolidating Schedule – Balance Sheet Information
May 31, 2014

Liabilities and Net Assets

	Rutherford Hospital	Carolina Community Care	Physician Practices	Rutherford Hospital Auxiliary	Rutherford Hospital Foundation	Eliminations	Consolidated
Current Liabilities							
Current maturities of long-term debt	\$ 21,264,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,264,313
Accounts payable	8,129,104	-	24,863	-	10	-	8,153,977
Accrued expenses	3,929,109	125,578	403,109	-	-	-	4,457,796
Estimated amounts due to third-party payers	997,405	-	-	-	-	-	997,405
Total current liabilities	34,319,931	125,578	427,972	-	10	-	34,873,491
Long-Term Debt	74,338	-	-	-	-	-	74,338
Estimated Insurance Liabilities and Other	1,560,161	-	-	-	-	-	1,560,161
Interest Rate Swap Agreement	728,177	-	-	-	-	-	728,177
Total liabilities	36,682,607	125,578	427,972	-	10	-	37,236,167
Net Assets							
Unrestricted	35,055,600	1,355,749	4,971,990	88,040	764,300	-	42,235,679
Temporarily restricted	-	-	-	-	325,505	-	325,505
Permanently restricted	-	-	-	-	68,552	-	68,552
Total net assets	35,055,600	1,355,749	4,971,990	88,040	1,158,357	-	42,629,736
Total liabilities and net assets	\$ 71,738,207	\$ 1,481,327	\$ 5,399,962	\$ 88,040	\$ 1,158,367	\$ -	\$ 79,865,903

Rutherford Hospital Inc. and Affiliates

Consolidating Schedule – Statement of Operations Information

May 31, 2014

Unrestricted Revenues, Gains and Other Support

	Rutherford Hospital	Carolina Community Care	Physician Practices	Rutherford Hospital Auxiliary	Rutherford Hospital Foundation	Eliminations	Consolidated
Patient service revenue (net of contractual discounts and allowances)	\$ 49,564,389	\$ 3,135,202	\$ 5,967,814	\$ -	\$ -	\$ -	\$ 58,667,405
Provision for uncollectible accounts	(8,970,158)	(11,909)	(756,254)	-	-	-	(9,738,321)
Net patient service revenue less provision for uncollectible accounts	40,594,231	3,123,293	5,211,560	-	-	-	48,929,084
Other	524,127	(88)	74,992	103,683	-	(15,485)	687,229
Net assets released from restrictions used for operations	-	-	-	-	53,004	-	53,004
Total unrestricted revenues, gains and other support	41,118,358	3,123,205	5,286,552	103,683	53,004	(15,485)	49,669,317

Expenses and Losses

Salaries and wages	17,979,169	2,008,443	5,202,295	-	-	-	25,189,907
Employee benefits	5,087,001	664,108	851,524	-	500	-	6,603,133
Purchased services and professional fees	7,000,290	134,190	540,107	-	6,021	-	7,680,608
Supplies and other	14,104,589	317,121	802,746	58,171	38,125	(15,485)	15,305,267
Depreciation and amortization	3,919,024	96,540	396,981	242	265	-	4,413,052
Interest	422,401	-	-	-	-	-	422,401
Total expenses and losses	48,512,474	3,220,402	7,793,653	58,413	44,911	(15,485)	59,614,368

Operating Income (Loss)

	(7,394,116)	(97,197)	(2,507,101)	45,270	8,093	-	(9,945,051)
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Other Income (Expense)

Contributions	-	-	-	-	64,270	-	64,270
Investment return	2,202,480	-	-	12	33,652	-	2,236,144
Change in fair value of interest rate swap agreement	79,576	-	-	-	-	-	79,576
Loss on impairment of long-lived assets	(13,458,319)	-	(2,011,013)	-	-	-	(15,469,332)
Total other income (expense)	(11,176,263)	-	(2,011,013)	12	97,922	-	(13,089,342)

Excess (Deficiency) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets

	\$ (18,570,379)	\$ (97,197)	\$ (4,518,114)	\$ 45,282	\$ 106,015	\$ -	\$ (23,034,393)
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**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

▶ **File a separate application for each return.**▶ **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Enter filer's identifying number, see instructions

**Type or
print**File by the
due date for
filing your
return. See
instructions

Name of exempt organization or other filer, see instructions

RHI LEGACY, INC.

Employer identification number (EIN) or

56-0619367

Number, street, and room or suite no. If a P.O. box, see instructions

288 SOUTH RIDGECREST AVENUE

Social security number (SSN)

City, town or post office, state, and ZIP code. For a foreign address, see instructions

RUTHERFORDTON, NC 28139

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ CINDY BUCK, 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON, NC 28139

Telephone No ▶ 828 286-5202

FAX No ▶ _____

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 05/15, 2015, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- ▶ ☐ calendar year 20____ or
- ▶ ☒ tax year beginning 10/01, 2013, and ending 09/30, 2014

- 2 If the tax year entered in line 1 is for less than 12 months, check reason ☐ Initial return ☐ Final return

☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	\$	0
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$	0
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	\$	0

Caution. If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8868** (Rev. 1-2014)

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box. ☒ **X**

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed)

Type or print File by the due date for filing your return See instructions	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	RHI LEGACY, INC.	56-0619367
	Number, street, and room or suite no. If a P O box, see instructions	Social security number (SSN)
	288 SOUTH RIDGECREST AVENUE	
	City, town or post office, state, and ZIP code For a foreign address, see instructions	
	RUTHERFORDTON, NC 28139	

Enter the Return code for the return that this application is for (file a separate application for each return) **01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **CINDY BUCK, 288 SOUTH RIDGECREST AVENUE RUTHERFORDTON, NC 28139**
Telephone No **828 286-5202** Fax No
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- I request an additional 3-month extension of time until **08/15, 2015**
- For calendar year , or other tax year beginning **10/01, 2013**, and ending **09/30, 2014**
- If the tax year entered in line 5 is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- State in detail why you need the extension **ADDITIONAL TIME IS REQUIRED TO ACCUMULATE THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.**

8a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	8a	\$	0
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	\$	0
c Balance Due. Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	8c	\$	0

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ►

Title ►

Date ►

Form 8868 (Rev 1-2014)