



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization CENTRAL GEORGIA HEALTH SYSTEMS INC		<b>D Employer identification number</b>  58-2149127	
	Doing Business As NAVICENT HEALTH INC			
	Number and street (or P O box if mail is not delivered to street address) 691 CHERRY STREET	Room/suite	E Telephone number  (478) 633-1407	
	City or town, state or province, country, and ZIP or foreign postal code MACON, GA 31201		<b>G</b> Gross receipts \$ 56,599,364	
	<b>F</b> Name and address of principal officer NINFA M SAUNDERS 691 CHERRY STREET MACON, GA 31201		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number <input type="checkbox"/>	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) <input type="checkbox"/> (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
<b>J Website:</b> WWW.NAVICENTHEATLH.ORG				

<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>	<b>L</b> Year of formation 1994	<b>M</b> State of legal domicile GA
---	---------------------------------	-------------------------------------

Part I

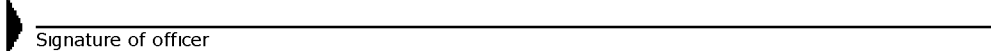
Summary

Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities CENTRAL GEORGIA HEALTH SYSTEMS, INC. IS A NONPROFIT CORPORATION WHOSE PRIMARY PURPOSE IS TO SERVE AS A PARENT CORPORATION PROVIDING STRATEGIC DIRECTION TO THE MEDICAL CENTER OF CENTRAL GEORGIA, INC. AND OTHER AFFILIATES IN SUPPORT OF THEIR MISSION OF PROVIDING A COMPREHENSIVE RANGE OF HIGH-QUALITY, REASONABLY PRICED HEALTH CARE SERVICES TO THE CENTRAL GEORGIA COMMUNITY		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	8
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	6
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . .	<b>5</b>	492
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	18,122
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	0
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	0	0
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	36,690,120	46,494,113
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,001,189	10,001,312
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	154,675	103,939
		46,845,984	56,599,364
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . .	3,488,687	3,246,860
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	34,746,058	32,141,388
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	8,275,576	14,944,538
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	46,510,321	50,332,786
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	335,663	6,266,578
Net Assets or Fund Balances		<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b> Total assets (Part X, line 16) . . . . .	54,876,334	64,327,272
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	11,675,001	14,859,362
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .	43,201,333	49,467,910

Part II

Signature Block

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

Sign Here			2015-08-13	
	Signature of officer		Date	
Paid Preparer Use Only	RHONDA S PERRY EXECUTIVE VICE PRESIDENT/CFO			
	Type or print name and title			
	Print/Type preparer's name W Edward Phillips	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN P00451499
	Firm's name <input type="checkbox"/> DRAFFIN & TUCKER LLP			Firm's EIN <input type="checkbox"/> 58-0914992
Firm's address <input type="checkbox"/> FIVE CONCOURSE PARKWAY SUITE 1250 ATLANTA, GA 30328			Phone no (404) 220-8494	
May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				

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

CENTRAL GEORGIA HEALTH SYSTEMS, INC (CGHS) PRIMARY PURPOSE IS TO SERVE AS A CONTROLLING BODY FOR THE MEDICAL CENTER OF CENTRAL GEORGIA, INC , HEALTH SERVICES OF CENTRAL GEORGIA, INC , CENTRAL GEORGIA SENIOR HEALTH, INC , MEDCEN COMMUNITY HEALTH FOUNDATION AND THE MEDICAL CENTER OF PEACH COUNTY, INC IN SUPPORT OF THEIR MISSION TO PROVIDE HEALTHCARE SERVICES IN CENTRAL GEORGIA BY PROVIDING STRATEGIC DIRECTION, FINANCIAL OVERSIGHT AND FINANCIAL PLANNING

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

If "Yes," describe these changes on Schedule O

CENTRAL GEORGIA HEALTH SYSTEMS, INC ("CGHS") PRIMARY PURPOSE IS TO SERVE AS A CONTROLLING BODY FOR THE MEDICAL CENTER OF CENTRAL GEORGIA, INC , HEALTH SERVICES OF CENTRAL GEORGIA, INC , CENTRAL GEORGIA SENIOR HEALTH, INC AND MEDCEN COMMUNITY HEALTH FOUNDATION, INC AND OTHER AFFILIATED ENTITIES AND TO PROVIDE STRATEGIC DIRECTION, FINANCIAL MANAGEMENT, RESOURCE ALLOCATION AND OTHER SUPPORT TO ITS AFFILIATES IN THE PROVISION OF HEALTHCARE SERVICES TO THE CENTRAL GEORGIA COMMUNITY












CENTRAL GEORGIA HEALTH SYSTEMS, INC OPERATES CENTRAL GEORGIA REHABILITATION HOSPITAL, LLC, THE FIRST REHABILITATION FACILITY ESTABLISHED IN CENTRAL GEORGIA AND ONE OF TWO FREE-STANDING REHABILITATION HOSPITALS IN THE STATE. THE REHABILITATION HOSPITAL PROVIDES COMPREHENSIVE PHYSICAL REHABILITATION SERVICES ON AN INPATIENT AND OUTPATIENT BASIS. IT IS LICENSED FOR 58 BEDS.

[illegible]

<b>4e</b>	<b>Total program service expenses</b>	<b>39,272,421</b>
-----------	---------------------------------------	-------------------

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a492		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	Yes	
b	If "Yes," enter the name of the foreign country: <span>CJ</span> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	<b>Section 501(c)(7) organizations.</b> 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	<b>Section 501(c)(12) organizations.</b> 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	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b		
c	Enter the amount of reserves on hand.	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	8	
	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 . . . . .	6	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	No
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	No
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	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body? . . . . .	8a	Yes
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶GA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶RHONDA S PERRY 777 HEMLOCK STREET MACON,GA 31201 (478) 633-1452

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CONNIE CATER DIRECTOR	1 00 1 00	X						0	0	0
(2) HELEN RHEA STUMBO DIRECTOR	1 00 2 00	X						0	0	0
(3) HENRY KOPLIN DIRECTOR	1 00 1 00	X						0	0	0
(4) JOAN WALTON DIRECTOR	1 00 1 00	X						0	0	0
(5) MICK ANDERSON MD DIRECTOR	1 00 1 00	X						0	0	0
(6) RUTH KNOX DIRECTOR	1 00 1 00	X						0	0	0
(7) STARR PURDUE CHAIRMAN	1 00 1 00	X						0	0	0
(8) TIMOTHY JACKSON VICE CHAIRMAN	1 00 3 00	X						0	0	0
(9) KENNETH B BANKS CORPORATE SECRETARY	45 00 5 00			X				585,748	0	179,232
(10) NINFA M SAUNDERS PRESIDENT/CHIEF EXECUTIVE OFFICER	47 00 3 00			X				768,125	0	638,299
(11) RHONDA S PERRY CHIEF FINANCIAL OFFICER	45 00 5 00			X				1,285,717	0	88,437
(12) ELBERT T MCQUEEN VP POST ACUTE SERVICES AND REGIONAL DEVELOPMENT	48 00 2 00				X			233,257	0	26,263
(13) JANE P GRAY AVP PATIENT BUSINESS SERVICES	50 00 50 00					X		169,264	0	24,429
(14) JUDY K WARE CHIEF COMPLIANCE OFFICER	50 00 50 00					X		168,956	0	22,334
(15) KAREN M FARR AVP FINANCIAL SERVICES	50 00 50 00					X		170,311	0	3,929
(16) KATHERINE L BOWEN AVP FIN PLANNING, BUDGET AND INSURANCE	50 00 50 00					X		163,441	0	15,820
(17) TIQUELLA S KING-WHITBY PHYSICIAN	50 00					X		176,756	0	25,079



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	3,892,875	0	1,023,822

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 46

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

## Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
HEWITT ASSOCIATES P O BOX 95135 CHICAGO IL 606945135	BENEFITS ADMINSTRATIVE SERVICES	873,626
KAUFMAN HALL 5202 OLD ORCHARD RD ST N700 SKOKIE IL 600774409	CONSULTING SERVICES	709,635
MACON OCCUPATIONAL MEDICINE 124 3RD STREET MACON GA 312013404	CONTRACT SERV-NURSES, NP, CLERICAL	530,352
AON CONSULTING P O BOX 905188 CHARLOTTE NC 282905188	RETIREMENT BENEFIT ADMIN SERVICES	377,413
DIXON HUGHES GOODMAN PLLC P O BOX 602828 CHARLOTTE NC 282602828	AUDIT SERVICES	373,315

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►18

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	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	2a	MEDICARE MEDICAID REVENUE	Business Code 621990	16,410,628	16,410,628		
	b	PATIENT REVENUE	621990	2,327,129	2,327,129		
	c	REBATE REVENUE	621990	503,600	503,600		
	d	CAFETERIA SALES	621990	38,063	38,063		
	e	SUPPORT REVENUE	541200	27,176,340	27,166,506	9,834	
	f	All other program service revenue		38,353	30,065	8,288	
	g	Total. Add lines 2a-2f		46,494,113			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		10,000,811	10,000,000	811
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	0	0		
		d	Net rental income or (loss)		0		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses		501		
		c	Gain or (loss)	0	501		
		d	Net gain or (loss)		501		501
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from fundraising events		0		
9a		Gross income from gaming activities See Part IV, line 19	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from gaming activities		0		
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold	b			
		c	Net income or (loss) from sales of inventory		0		
Miscellaneous Revenue		Business Code					
11a	PARTNERSHIP INVESTMENTS		103,939	103,939			
b			0				
c			0				
d	All other revenue		0	0	0	0	
e	Total. Add lines 11a-11d		103,939				
12	Total revenue. See Instructions		56,599,364	56,579,930	18,122	1,312	

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.	3,246,860	3,246,860		
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.	2,364,427		2,364,427	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	24,602,036	21,063,856	3,538,180	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	-41,927	-67,295	25,368	
9	Other employee benefits.	3,328,809	2,804,446	524,363	
10	Payroll taxes.	1,888,043	1,549,267	338,776	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	786,680	265,233	521,447	
c	Accounting.	505,231		505,231	
d	Lobbying.	54,668		54,668	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	899,482	899,482		
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,196,122	1,833,923	1,362,199	0
12	Advertising and promotion.	861,372	280,982	580,390	
13	Office expenses.	919,227	861,356	57,871	
14	Information technology.	764,662	467,371	297,291	
15	Royalties.	0			
16	Occupancy.	520,467	454,062	66,405	
17	Travel.	183,442	95,532	87,910	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	168,353	142,195	26,158	
20	Interest.	0			
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	1,592,685	1,549,717	42,968	
23	Insurance.	630,187	604,306	25,881	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	930,904	930,169	735	
b	MINOR EQ, EQ RENTAL & MAINT	1,980,219	1,963,560	16,659	
c	TAXES & LICENSES	416,111	306,736	109,375	
d	DUES & SUBSCRIPTIONS	492,836	6,812	486,024	
e	All other expenses	41,890	13,851	28,039	0
25	Total functional expenses. Add lines 1 through 24e.	50,332,786	39,272,421	11,060,365	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,746,760	1	2,026,395
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		2,959,437	4	7,248,386
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	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			6	0
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		98,775	8	101,578
	9	Prepaid expenses and deferred charges		677,996	9	722,404
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a22,859,513			
	b	Less accumulated depreciation	10b15,629,974	4,294,059	10c	7,229,539
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11		22,404,478	13	22,475,917
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		21,694,829	15	24,523,053
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)		54,876,334	16	64,327,272
Liabilities	17	Accounts payable and accrued expenses		2,082,296	17	3,340,970
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		9,592,705	25	11,518,392
	26	<b>Total liabilities.</b> Add lines 17 through 25		11,675,001	26	14,859,362
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>					
	27	Unrestricted net assets		43,201,333	27	49,467,910
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>					
	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	<b>Total net assets or fund balances</b>		43,201,333	33	49,467,910
	34	<b>Total liabilities and net assets/fund balances</b>		54,876,334	34	64,327,272

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	56,599,364
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,332,786
3	Revenue less expenses Subtract line 2 from line 1	3	6,266,578
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	43,201,333
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	49,467,910

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization CENTRAL GEORGIA HEALTH SYSTEMS INC	Employer identification number 58-2149127
--	--

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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 <sup>1</sup> / <sub>3</sub> % 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 <sup>1</sup> / <sub>3</sub> % 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 <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input checked="" type="checkbox"/>	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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <div><b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input checked="" type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated</div>
e	<input checked="" type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <div><b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?</div>
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

(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) MEDICAL CENTER OF CENTRAL GEORGIA	582149128	3	Yes		Yes		Yes		3,246,860
Total									3,246,860

Part II

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

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

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

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

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

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

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

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

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



Part IV

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

Facts And Circumstances Test	
Return Reference	Explanation
SCHEDULE A, PART I, LINE 11H (VII), AMOUNT OF SUPPORT	THE MEDICAL CENTER OF CENTRAL GEORGIA CENTRAL GEORGIA HEALTH SYSTEMS, INC IS THE FUNCTIONALLY INTERGRATED PARENT OF A MULTI-ENTITY HEALTHCARE SYSTEM WHICH INCLUDES ITS SUPPORTED ORGANIZATION, THE MEDICAL CENTER OF CENTRAL GEORGIA, INC CGHS IS RESPONSIBLE FOR STRATEGIC PLANNING, FINANCIAL MANAGEMENT AND RESOURCE ALLOCATION FOR THE MULTI-ENTITY SYSTEM

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization CENTRAL GEORGIA HEALTH SYSTEMS INC	Employer identification number  58-2149127
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		54,668
j	Total. Add lines 1c through 1i.			54,668
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Schedule C, Part II-B, Line 1, Description of the activities reported on Lines 1a through 1i	LOBBYING EXPENSES INCLUDE A PORTION OF DUES PAID TO VARIOUS ORGANIZATION (I E , GEORGIA HOSPITAL ASSOCIATION) ALSO , CONTRACTED INDIVIDUAL TO LOBBY ON THE ORGANIZATIONS BEHALF

[illegible]

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> CENTRAL GEORGIA HEALTH SYSTEMS INC	<b>Employer identification number</b>  58-2149127
---	---

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

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
- c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a Did the organization include an amount on Form 990, Part X, line 21? 

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII 

☐

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

- |  | (a)Current year | (b)Prior year | b (c)Two years back | (d)Three years back | (e)Four years back |
|--|-----------------|---------------|---------------------|---------------------|--------------------|
| 1a Beginning of year balance . . . . .                     |                 |               |                     |                     |                    |
| 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 . . . . .		65,192		65,192
b Buildings . . . . .		1,799,944	517,818	1,282,126
c Leasehold improvements . . . . .				0
d Equipment . . . . .		20,994,377	15,112,156	5,882,221
e Other . . . . .				0
Total. Add lines 1a through 1e <i>(Column (d) must equal Form 990, Part X, column (B), line 10(c).)</i> . . . . . ▶				7,229,539





Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
Schedule D, Part X, Line 2, FIN 48 (ASC 740) footnote	NAVICENT HEALTH, INC , THE MEDICAL CENTER, HSNH, CARLYLE PLACE, AND MEDCEN ARE ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAX, PURSUANT TO SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. CPI IS A FOREIGN CORPORATION NOT SUBJECT TO TAX IN THE UNITED STATES. PET, RHNH AND SHPG ARE ORGANIZED UNDER GEORGIA LAW AND THE INTERNAL REVENUE CODE AS LIMITED LIABILITY COMPANIES ("LLC"). THE MEMBERS OF AN LLC REPORT TAXABLE INCOME OR LOSS ON THEIR CORPORATE OR INDIVIDUAL TAX RETURNS. NAVICENT HEALTH'S SHARE OF INCOME FROM PET, RHNH AND SHPG OPERATIONS IS NOT CONSIDERED UNRELATED BUSINESS INCOME ("UBI") AND IS THEREFORE NOT SUBJECT TO TAX. HVNH IS SUBJECT TO INCOME TAX WITH RESPECT TO ITS FOR-PROFIT SUBSIDIARIES, NAVICENT HEALTH ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH THE LIABILITY METHOD UNDER WHICH DEFERRED TAX ASSETS AND LIABILITIES ARE DETERMINED BASED ON THE DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING AND TAX BASES OF ASSETS AND LIABILITIES. DEFERRED TAX ASSETS OR LIABILITIES AT THE END OF EACH PERIOD ARE DETERMINED USING THE CURRENTLY ENACTED TAX RATE EXPECTED TO APPLY TO TAXABLE INCOME IN THE PERIODS THAT THE DEFERRED TAX ASSET OR LIABILITY IS EXPECTED TO BE REALIZED OR SETTLED. NAVICENT HEALTH AND ITS AFFILIATES HAVE EVALUATED THEIR TAX POSITIONS AND HAVE DETERMINED THAT THEY DO NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF SEPTEMBER 30, 2014. FISCAL YEARS ENDING ON AND AFTER SEPTEMBER 30, 2011 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES.

[illegible]

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
CENTRAL GEORGIA HEALTH SYSTEMS INC

Employer identification number  
58-2149127

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
( 1 ) CENTRAL AMERICA AND THE CARIBBEAN	0		INVESTMENTS		184,151,000
( 2 )					
( 3 )					
( 4 )					
( 5 )					
3a Sub-total					
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	0				184,151,000

**Part II**

**Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
( 1 )									
( 2 )									
( 3 )									
( 4 )									

- 2    Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶ \_\_\_\_\_
- 3    Enter total number of other organizations or entities . . . . . ▶ \_\_\_\_\_

Part III

Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
( 1 )							
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes ☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☒ Yes ☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☒ Yes ☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes ☒ No

Part V

Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

990 Schedule F, Supplemental Information

Return Reference	Explanation
SCHEDULE F, PART I, LINE 3(F), INVESTMENT	CENTRAL GEORGIA HEALTH SYSTEMS IS THE OWNER OF VARIOUS FOREIGN INVESTMENTS WHICH ARE HELD FOR THE BENEFIT OF THE MEDICAL CENTER OF CENTRAL GEORGIA, INC , AN AFFILIATED CONTROLLED TAX EXEMPT ORGANIZATION FOR ACCOUNTING PURPOSES, THESE INVESTMENTS ARE REFLECTED ON THE BALANCE SHEET OF THE MEDICAL CENTER OF CENTRAL GEORGIA

990 Schedule F, Supplemental Information

Return Reference	Explanation
SCHEDULE F, PART IV, LINE 4, QUALIFIED ELECTING FUND	BLACKSTONE PARK AVENUE NON-TAXABLE FUND, L P HAS MADE A TIMELY IRC SEC 1295 ELECTION WITH H RESPECT TO VARIOUS INVESTMENTS IN PASSIVE FOREIGN INVESTMENT COMPANIES AND HAS FILED FOR M 8621 ON BEHALF OF THE PARTNERSHIP NO UNRELATED BUSINESS TAXABLE INCOME IS EARNED OR REP ORTED AS A RESULT OF THIS INVESTMENT



990 Schedule F, Supplemental Information

Return Reference	Explanation
Schedule F, Part I, Line 3, Method to account for expenditures on org 's financial statements	CENTRAL AMERICA AND THE CARIBBEAN ACCRUAL

990 Schedule F, Supplemental Information

Return Reference	Explanation
Schedule F, Part I, Line 3, Method to account for expenditures on org 's financial statements	CENTRAL AMERICA AND THE CARIBBEAN ACCRUAL

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
CENTRAL GEORGIA HEALTH SYSTEMS INC

Employer identification number  
58-2149127

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a Yes	
b	If "Yes," was it a written policy? . . . . .	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>125 %</u>  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>270 %</u>  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"? . . . . .	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	4 Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	5a Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5b	No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	5c	
b	If "Yes," did the organization make it available to the public? . . . . .	6a Yes	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		6b Yes	

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) . . . . .			978,544	0	978,544	1 940 %
b Medicaid (from Worksheet 3, column a) . . . . .			233,548	0	233,548	0 460 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			0	0	0	0 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .	0	0	1,212,092	0	1,212,092	2 400 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			0	0	0	0 %
f Health professions education (from Worksheet 5) . . . . .			0	0	0	0 %
g Subsidized health services (from Worksheet 6) . . . . .			0	0	0	0 %
h Research (from Worksheet 7) . . . . .			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			0	0	0	0 %
j <b>Total</b> Other Benefits . . . . .	0	0	0	0	0	0 %
k <b>Total.</b> Add lines 7d and 7j . . . . .	0	0	1,212,092	0	1,212,092	2 400 %

	(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					0	0 %
2 Economic development					0	0 %
3 Community support					0	0 %
4 Environmental improvements					0	0 %
5 Leadership development and training for community members					0	0 %
6 Coalition building					0	0 %
7 Community health improvement advocacy					0	0 %
8 Workforce development					0	0 %
9 Other					0	0 %
10 Total	0	0	0	0	0	0 %

Section A. Bad Debt Expense		Yes	No
<b>1</b>	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	<b>1</b>	No
<b>2</b>	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . .	<b>2</b>	150,873
<b>3</b>	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 . . . . .	<b>3</b>	0
<b>4</b>	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		
<b>Section B. Medicare</b>			
<b>5</b>	Enter total revenue received from Medicare (including DSH and IME) . . . . .	<b>5</b>	12,415,359
<b>6</b>	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	<b>6</b>	8,156,648
<b>7</b>	Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	<b>7</b>	4,258,711
<b>8</b>	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		
<b>Section C. Collection Practices</b>			
<b>9a</b>	Did the organization have a written debt collection policy during the tax year? . . . . .	<b>9a</b>	Yes
<b>b</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 . . . . .	<b>9b</b>	Yes

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

Part V

Facility Information

Section A. Hospital Facilities

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

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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

CENTRAL GA REHABILITATION HOSPITAL INC

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 125% If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care 270% If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input 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 type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance? . . . . .	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	15	Yes
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V**

**Facility Information** *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☒ Notified individuals of the financial assistance policy on admission

**b** ☒ Notified individuals of the financial assistance policy prior to discharge

**c** ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

**d** ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy

**e** ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

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

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

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



**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.

[illegible]

**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)
<b>1</b> _____	
<b>2</b> _____	
<b>3</b> _____	
<b>4</b> _____	
<b>5</b> _____	
<b>6</b> _____	
<b>7</b> _____	
<b>8</b> _____	
<b>9</b> _____	
<b>10</b> _____	

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
, BAD DEBT	BAD DEBT EXPENSE IN THE AMOUNT OF \$150,873 HAS BEEN REMOVED FROM TOTAL EXPENSE AND RECLASSIFIED AS A REVENUE OFFSET IN THE AUDITED FINANCIAL STATEMENTS THEREFORE, IT IS UNNECESSARY TO REDUCE THE EXPENSES REFLECTED IN FORM 990 PART IX, LINE 29 FOR PURPOSES OF CALCULATING THE SCHEDULE H, LINE 7, COLUMN (F) PERCENT OF TOTAL EXPENSES SINCE THE PRESENTATION IN PART IX FOLLOWS THE ORGANIZATION'S FINANCIAL ACCOUNTING RECORDS

Form and Line Reference	Explanation
Schedule H, Part I, Line 6a, Community benefit report prepared by related organization	MEDICAL CENTER OF CENTRAL GEORGIA

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, Costing Methodology used to calculate financial assistance	COST TO CHARGE RATIO FROM WORKSHEET 2 LOSS ON MEDICAID IS ACTUAL HOSPITAL TAXES PAID FROM GENERAL LEDGER HOSPITAL NOT ELIGIBLE TO PARTICIPATE IN GEORGIA MEDICAID PROGRAM DUE TO CURRENT RULES RELATED TO REHABILITATION HOSPITAL PARTICIPATION

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, col(f), Bad Debt Expense excluded from financial assistance calculation	0

Form and Line Reference	Explanation
Schedule H, Part III, Line 2, Bad debt expense - methodology used to estimate amount	PATIENT CHARGES WRITTEN OFF TO BAD DEBT NOT OTHERWISE PAID BY THIRD-PARTY INSURANCE, GOVERNMENT PROGRAMS, PATIENT PAYMENTS OR OTHERWISE QUALIFIED UNDER HOSPITAL'S CHARITY AND INDIGENT POLICIES

Form and Line Reference	Explanation
Schedule H, Part III, Line 3, Bad Debt Expense Methodology	N/A



Form and Line Reference	Explanation
Schedule H, Part III, Line 4, Bad debt expense - financial statement footnote	THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS CGHS'S S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS WAS 98% OF SELF-PAY ACCOUNTS RECEIVABLE AT SEPTEMBER 30, 2014 AND 2013

Form and Line Reference	Explanation
Schedule H, Part III, Line 8, Community benefit & methodology for determining medicare costs	THE COSTING METHODOLOGY IS TO USE THE ACTUAL COSTS INCLUDED IN THE COST REPORT WHICH ARE CALCULATED USING A DEPARTMENTAL SPECIFIC COST TO CHARGE RATIO AS COMPARED TO ACTUAL MEDICARE PAYMENTS

Form and Line Reference	Explanation
Schedule H, Part III, Line 9b, Collection practices for patients eligible for financial assistance	ONCE A PATIENT IS DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE, IT IS NOTED IN THE PATIENT'S FINANCIAL RECORD AND ANY COLLECTION EFFORTS CEASE ANY PREVIOUS AMOUNTS BILLED ARE WRITTEN OFF AS PROVIDED IN THE FINANCIAL ASSISTANCE POLICY THE ASSISTANT VICE PRESIDENT OF REVENUE CYCLE OF THE ORGANIZATION REVIEWS THE FINANCIAL ACTIVITY ON OTHER ACCOUNTS TO DETERMINE IF AN ACCOUNT SHOULD BE TURNED OVER TO OUTSIDE COLLECTIONS IF A PATIENT ACCOUNT TURNED OVER TO COLLECTIONS IS LATER DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE, THE ACCOUNT IS BROUGHT BACK FROM COLLECTIONS AND THE ACCOUNT WRITTEN OFF

Form and Line Reference	Explanation
Schedule H, Part VI, Line 2, Needs assessment	A COMMUNITY NEEDS ASSESSMENT WAS PERFORMED IN 2012 ON BEHALF OF THE HOSPITALS OF CENTRAL GEORGIA HEALTH SYSTEM (CGHS) BY PROFESSIONAL RESEARCH CONSULTANTS, INC (PRC) PRC IS A NATIONALLY RECOGNIZED HEALTHCARE CONSULTING FIRM WHICH HAS CONDUCTED HUNDREDS OF COMMUNITY NEEDS ASSESSMENTS SINCE 1994 THE SURVEY AREA INCLUDED THE PRIMARY SERVICE AREA FOR CGHS HOSPITALS INCLUDING BIBB, CRAWFORD, HOUSTON, JONES, MONROE, PEACH AND TWIGGS COUNTIES THE SURVEY INCLUDED 1,000 LAND LINE AND CELL PHONE SURVEYS AND FIVE KEY INFORMANT FOCUS GROUPS WHICH INCLUDED HEALTHCARE PROVIDERS AND OTHER COMMUNITY LEADERS ADDITIONALLY, PUBLIC HEALTH, VITAL STATISTICS AND BENCHMARK DATA INCLUDING GEORGIA AND NATIONWIDE RISK FACTOR DATA AND HEALTHLY PEOPLE 2020 WERE USED

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3, Patient education of eligibility for assistance	PATIENTS ARE INFORMED OF AVAILABLE ASSISTANCE BY THE FOLLOWING METHODS THE PATIENT IS NOTIFIED UPON ADMISSION OF THE FINANCIAL ASSISTANCE POLICY, SIGNAGE IN ADMISSION AREAS NOTIFIES HOSPITAL PATIENTS AND GUESTS OF THE POLICY, AND THE CGRH BUSINESS OFFICE LIAISON OR DESIGNATED PATIENT ACCOUNT REPRESENTATIVE (PAR) WILL INTERVIEW PATIENTS WHO HAVE LITTLE OR NO THIRD PARTY COVERAGE AND WILL REQUEST DOCUMENTS TO SUPPORT THEIR NEED VIA A FINANCIAL DISCLOSURE FORM THE FINANCIAL DISCLOSURE FORM WILL ASCERTAIN MONTHLY BILLS AND ASSETS IN THE DETERMINATION OF PATIENT ABILITY TO PAY

Form and Line Reference	Explanation
Schedule H, Part VI, Line 4, Community Information	THE PRIMARY SERVICE AREA IS BIBB, CRAWFORD, HOUSTON, JONES, MONROE, PEACH AND TWIGGS COUNTIES THERE ARE TWENTY-ONE COUNTIES IN THE SECONDARY SERVICE AREA A RECENT ESTIMATE OF POPULATION IN THE PRIMARY SERVICE AREA IS 406,725 AND THE SECONDARY SERVICE AREA HAS A POPULATION OF 389,460

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5, Promotion of community health	THE ORGANIZATION IS PART OF A MULTI ENTITY HOSPITAL SYSTEM THAT PROVIDES MEDICAL SERVICES TO THE COMMUNITY THE ORGANIZATION HAS A BOARD COMPRISED OF MEMBERS OF THE COMMUNITY THE MEDICAL STAFF OF THE HOSPITAL IS OPEN TO ALL QUALIFIED PHYSICIAN APPLICANTS ANY SURPLUS FUNDS ARE REINVESTED IN THE ORGANIZATION AND USED FOR PROGRAM SERVICES AN EMERGENCY ROOM OPEN 24/7/365 IS AVAILABLE AT OUR SISTER ORGANIZATION, THE MEDICAL CENTER OF CENTRAL GEORGIA, A GENERAL SHORT TERM ACUTE CARE FACILITY AND ONE OF FIVE LEVEL 1 TRAUMA CENTER'S IN THE STATE OF GEORGIA

Form and Line Reference	Explanation
Schedule H, Part VI, Line 6, Affiliated health care system	PART VI, LINE 7 THE ORGANIZATION IS PART OF CENTRAL GEORGIA HEALTH SYSTEMS, INC , A MULTI-ENTITY HEALTHCARE SYSTEM OTHER ORGANIZATIONS IN THE SYSTEM INCLUDE MEDICAL CENTER OF CENTRAL GEORGIA, INC - A 637 BED GENERAL SHORT TERM ACUTE CARE HOSPITAL FACILITY THAT IS DESIGNATED AS A LEVEL 1 TRAUMA CENTER AND MAGNET HOSPITAL FOR NURSING HEALTH SERVICES OF CENTRAL GEORGIA, INC - PROVIDES FACULTY PHYSICIANS TO THE RESIDENCY TRAINING PROGRAMS OF THE MEDICAL CENTER OF CENTRAL GEORGIA AS WELL AS OTHER PHYSICIANS, NURSE PRACTITIONERS, AND PHYSICIAN ASSISTANTS CENTRAL GEORGIA SENIOR HEALTH, INC - IS A CONTINUING CARE RETIREMENT COMMUNITY (CCRC) OFFERING INDEPENDENT LIVING, ASSISTED LIVING, MEMORY SUPPORT AND SKILLED NURSING MEDCEN FOUNDATION, INC -PROVIDES FUNDRAISING AND SUPPORT FOR CENTRAL GEORGIA HEALTH SYSTEMS, INC AND ITS AFFILIATES THE MEDICAL CENTER OF PEACH COUNTY, INC IS A 25 BED CRITICAL ACCESS HOSPITAL SERVING THE RESIDENTS OF PEACH COUNTY AND SURROUNDING AREAS



Form and Line Reference	Explanation
Schedule H, Part VI, Line 7, State filing of community benefit report	GA

Additional Data

Software ID: 13000248  
Software Version: 2013v3.1  
EIN: 58-2149127  
Name: CENTRAL GEORGIA HEALTH SYSTEMS INC

990 Schedule H, Supplemental Information

<b>Section C. Supplemental Information for Part V, Section B.</b> Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 3, Community Served by Needs Assessment	
Schedule H, Part V Sec B, Line 4, Other Hospital Facilities included in Needs Assessment	(1) - CENTRAL GEORGIA REHABILITATION HOSPITAL, LLC THE MEDICAL CENTER OF CENTRAL GEORGIA ,
Schedule H, Part V Sec B, Line 5d, Availability of Needs Assessment	(1) - CENTRAL GEORIGA REHABILITATION HOSPITAL, LLC A COPY OF THE ASSESSMENT WAS PROVIDED TO MANY COMMUNITY LEADERS AND ORGANIZATIONS ,
Schedule H, Part V Sec B, Line 7, Needs not addressed in Needs Assessment	(1) - CENTRAL GEORGIA REHABILITATION HOSPITAL, LLC CENTRAL GEORGIA REHABILITATION HOSPITAL IS A LIMITED PURPOSE FACILITY THE ORGANIZATION AND THE MEDICAL CENTER OF CENTRAL GEORGIA, A RELATED 501(C)(3) ORGANIZATION IDENTIFIED THE FOLLOWING NEEDS THAT WERE NOT TO BE ADDRESSED IN FISCAL YEAR 2014 1) MENTAL HEALTH-LACK OF EXPERTISE, RESOURCES AND EXISTENCE OF OTHER PROVIDERS BETTER SUITED TO ADDRESS THIS NEED 2) ORAL HEALTH-OTHER COMMUNITY ORGANIZATIONS ARE CURRENTLY BETTER SUITED TO ADDRESS THIS NEED 3) SEXUALLY TRANSMITTED DISEASES-LIMITED RESOURCES AND EXPERTISE ADDITIONALLY, WE DETERMINED THIS NEED IS BETTER ADDRESSED BY OTHER COMMUNITY ORGANIZATIONS INCLUDING THE PUBLIC HEALTH DEPARTMENT, A VOLUNTEER CLINIC AND LOCAL SCHOOL SYSTEMS 4) CANCER-MCCG IS BUILDING A CANCER CENTER TREATMENT OF PATIENTS TO BEGIN DECEMBER, 2014 ,
Schedule H, Part V Sec B, Line 14g, Other ways hospital publicized Financial Assistance Policy	(1) - CENTRAL GEORGIA REHABILITATION HOSPITAL A STATEMENT RELATED TO THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY IS ON EACH PATIENT'S BILLING STATEMENT THERE IS REFERENCE MADE TO THE POLICY IN TWO PLACES BOTH LOCAL AND TOLL FREE PHONE NUMBERS ARE LISTED FOR STAFF TO PROVIDE ASSISTANCE WITH THE POLICY AND THE ORGANIZATION'S WEBSITE IS LISTED STATING THE FINANCIAL ASSISTANCE POLICIES ARE LOCATED THERE THERE IS ALSO STATEMENT THAT THE POLICIES ARE AVAILABLE IN BOTH ENGLISH AND SPANISH ,
Schedule H, Part V Sec B, Line 20d, How amounts charged to FAP-eligible patients were determined	(1) - CENTRAL GEORGIA REHABILITATION HOSPITAL THE HOSPITAL FACILITY USED AN ESTIMATE OF THE AVERAGE OF THE THREE LOWEST COMMERCIALLY INSURED RATES ,

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
CENTRAL GEORGIA HEALTH SYSTEMS INC

Employer identification number  
58-2149127

Part I

General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) THE MEDICAL CENTER OF CENTRAL GEORGIA INC 691 CHERRY STREET SUITE 400 MACON,GA 31201	58-2149128	501(C)(3)	3,246,860				SUPPORT

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

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

**Part III**

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

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

**Part IV**

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

Return Reference	Explanation
Schedule I, Part I, Line 2, Procedures for monitoring use of grant funds	CGHS REQUIRES ALL ORGANIZATIONS THAT RECEIVE SPONSORSHIPS TO PROVIDE PROOF OF THEIR NON PROFIT STATUS

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
CENTRAL GEORGIA HEALTH SYSTEMS INC

Employer identification number  
58-2149127

Part I

Questions Regarding Compensation

		Yes	No
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 checked="" type="checkbox"/> First-class or charter travel		
	<input type="checkbox"/> Travel for companions		
	<input type="checkbox"/> Tax idemnification and gross-up payments		
	<input type="checkbox"/> Discretionary spending account		
	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input type="checkbox"/> Payments for business use of personal residence		
	<input type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
	<input checked="" type="checkbox"/> Compensation committee		
	<input checked="" type="checkbox"/> Independent compensation consultant		
	<input type="checkbox"/> Form 990 of other organizations		
	<input checked="" type="checkbox"/> Written employment contract		
	<input checked="" type="checkbox"/> Compensation survey or study		
	<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?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		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?		No
b	Any related organization?		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		No
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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

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

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

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

**Part III Supplemental Information**

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

Return Reference	Explanation
Schedule J, Part I, Line 1a, First-class or charter travel	FIRST CLASS TRAVEL IS AUTHORIZED BY THE CHAIRMAN OF THE BOARD FOR THE CEO IN SPECIFIC SITUATIONS
Schedule J, Part I, Line 1b, Written policy regarding payment or reimbursement of expenses	THE POLICY HAS BEEN AUTHORIZED BY THE CHAIRMAN OF THE BOARD AND IS BEING WRITTEN BY GENERAL COUNSEL
Schedule J, Part I, Line 4b, Supplemental nonqualified retirement plan	MCCG HAD A SUPPLEMENTAL EXECUTIVE BENEFIT PROGRAM ("SEBP") FOR CERTAIN EXECUTIVES THAT WAS DESIGNED AS A LOAN REGIME SPLIT DOLLAR LIFE INSURANCE PROGRAM. THIS PROGRAM WAS EXPECTED TO PROVIDE DEATH AND OTHER BENEFITS TO EXECUTIVES AND TO PROVIDE REPAYMENT OF LIFE INSURANCE PREMIUMS TO THE ORGANIZATION. AS A RESULT OF ECONOMIC CONDITIONS, THE LIFE INSURANCE POLICIES DID NOT PERFORM AS ANTICIPATED. DURING 2009 MCCG SUSPENDED ALL PREMIUM PAYMENTS AND REEVALUATED THE EFFECTIVENESS OF THE PROGRAM FOR ALL CURRENT PARTICIPANTS. DURING CALENDAR YEAR 2009 THE MCCG BOARD OF DIRECTORS, AFTER CONSULTATION WITH COMPENSATION AND LEGAL ADVISERS, ADOPTED A RESOLUTION TO MAKE PAYMENTS TO THE RETIRED PARTICIPANTS IN THE SEBP. IN CONSIDERATION FOR THE RECEIPT OF SUCH PAYMENT, THE RETIRED EXECUTIVES SURRENDERED SUBSTANTIALLY ALL RIGHTS AND BENEFITS (OTHER THAN A SMALL DEATH BENEFIT) UNDER THE SEBP TO THE ORGANIZATION. SUBSEQUENTLY, A SIMILAR DECISION WAS MADE DURING FISCAL YEAR ENDED SEPTEMBER 30, 2011 FOR THE REMAINING (EMPLOYED) PARTICIPANTS WITH ANY PAYMENTS TO BE MADE DEPENDENT ON THE INDIVIDUAL CONTINUING TO PROVIDE SUBSTANTIAL SERVICES TO A SPECIFIED FUTURE DATE. IN ADDITION, MCCG AND ITS AFFILIATED ORGANIZATIONS ADOPTED A SERP PROGRAM FOR CERTAIN EXECUTIVES EFFECTIVE FOR SERVICES RENDERED ON OR AFTER JANUARY 1, 2010. THIS PROGRAM PROVIDES FOR ANNUAL ACCOUNT VESTING IF THE PARTICIPANT IS EMPLOYED ON DECEMBER 31 OF THE THIRD YEAR AFTER THE ACCOUNT IS CREATED. THE BENEFIT EQUALS THE ANNUAL INCREASE IN THE PRESENT VALUE OF A LIFETIME ANNUITY PAYABLE COMMENCING AT A SPECIFIED TARGETED FUTURE DATE. THE ANNUITY IS EQUAL TO A SPECIFIC PERCENTAGE OF FINAL AVERAGE EARNINGS (GENERALLY 60%) LESS (1) THE EXPECTED ANNUAL SEBP PAYMENT USED IN CALCULATING THE SEBP LUMP SUM PAYMENT, (2) THE ANNUAL BENEFIT PROVIDED UNDER THE DEFINED BENEFIT PLAN, AND (3) 100% OF THE PARTICIPANT'S SOCIAL SECURITY BENEFIT. DURING THE YEAR, THE FOLLOWING BENEFITS WERE ACCRUED: RHONDA PERRY \$ 46,523; KEN BANKS \$137,154. IN ADDITION, CGHS ADOPTED A RETENTION PAYMENT PLAN EFFECTIVE OCTOBER 1, 2011 DESIGNED TO ENCOURAGE DESIGNATED EMPLOYEES TO CONTINUE THEIR EMPLOYMENT. UNDER THE PLAN, CGHS MAY SELECT A RETENTION CREDIT EQUAL TO A PERCENTAGE OF THE EXECUTIVE'S BASE SALARY. THE CREDIT IS REDUCED BY THE VALUE OF LIFE INSURANCE COVERAGE PROVIDED TO THE EXECUTIVE. IN GENERAL, THE PLAN IS SUBJECT TO VESTING AT THE END OF THE THIRD PLAN YEAR AFTER THE ACCOUNT WAS CREATED OR AGE 65 IF EARLIER, AND IS SUBJECT TO FORFEITURE IF THE EXECUTIVE VOLUNTARILY SEPARATES FROM SERVICE. DURING THE YEAR THE FOLLOWING BENEFITS ACCRUED UNDER THIS PLAN: RHONDA PERRY \$31,986; KEN BANKS \$18,083; ELBERT MCQUEEN \$10,638. IN ADDITION, CGHS ADOPTED A NONQUALIFIED, UNFUNDED DEFERRED COMPENSATION PLAN DESIGNED TO ATTRACT AND RETAIN QUALIFIED MANAGEMENT PERSONNEL. DURING THE YEAR THE FOLLOWING BENEFITS ACCRUED UNDER THIS PLAN: NINFA M. SAUNDERS \$613,556. THE FOLLOWING NONQUALIFIED RETIREMENT PLAN BENEFITS WERE REPORTED AS TAXABLE INCOME TO VESTED INDIVIDUALS: RHONDA PERRY \$870,111; KEN BANKS \$278,853; A. DONALD FAULK \$126,644.

# Additional Data

**Software ID:** 13000248  
**Software Version:** 2013v3.1  
**EIN:** 58-2149127  
**Name:** CENTRAL GEORGIA HEALTH SYSTEMS INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & Incentive compensation	(iii) Other compensation				
KAREN M FARR AVP FINANCIAL SERVICES	(i)	162,028	0	8,283	2,127	1,802	174,240	0
	(ii)	0	0	0	0	0	0	0
KENNETH B BANKS CORPORATE SECRETARY	(i)	282,868	0	302,880	157,183	22,049	764,980	278,853
	(ii)	0	0	0	0	0	0	0
KATHERINE L BOWEN AVP FIN PLANNING, BUDGET AND INSURANCE	(i)	162,956	0	485	2,065	13,755	179,261	0
	(ii)	0	0	0	0	0	0	0
A DONALD FAULK JR CEO (TRANSITION)	(i)	44,656	0	126,644	0	0	171,300	0
	(ii)	0	0	0	0	0	0	0
JANE P GRAY AVP PATIENT BUSINESS SERVICES	(i)	168,725	0	539	2,191	22,238	193,693	0
	(ii)	0	0	0	0	0	0	0
RHONDA S PERRY CHIEF FINANCIAL OFFICER	(i)	415,192	0	870,525	79,515	8,922	1,374,154	870,111
	(ii)	0	0	0	0	0	0	0
ELBERT T MCQUEEN VP POST ACUTE SERVICES AND REGIONAL DEVELOPMENT	(i)	227,376	0	5,881	13,576	12,687	259,520	0
	(ii)	0	0	0	0	0	0	0
JUDY K WARE CHIEF COMPLIANCE OFFICER	(i)	151,051	0	17,905	4,344	17,990	191,290	0
	(ii)	0	0	0	0	0	0	0
NINFA M SAUNDERS PRESIDENT/CHIEF EXECUTIVE OFFICER	(i)	732,091	0	36,034	615,986	22,313	1,406,424	0
	(ii)	0	0	0	0	0	0	0
TIQUELLA S KING-WHITBY PHYSICIAN	(i)	176,675	0	81	4,627	20,452	201,835	0
	(ii)	0	0	0	0	0	0	0



SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.  
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization CENTRAL GEORGIA HEALTH SYSTEMS INC	Employer identification number 58-2149127
--	--

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 11b, Review of form 990 by governing body	THE FORM 990 WAS PREPARED BY HOSPITAL PERSONNEL FROM INFORMATION PROVIDED BY MANAGEMENT AND FROM CONSOLIDATED FINANCIAL STATEMENTS (AUDITED BY AN INDEPENDENT CPA FIRM) IT IS REVIEWED IN DETAIL BOTH BY OUR OUTSIDE TAX ADVISOR (ANOTHER INDEPENDENT CPA) AND BY FINANCIAL MANAGEMENT OF CENTRAL GEORGIA HEALTH SYSTEMS A COPY OF THE FORM 990 WAS PROVIDED TO EACH BOARD MEMBER PRIOR TO FILING THE RETURN WITH THE INTERNAL REVENUE SERVICE

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 12c, Conflict of interest policy	THE DEPARTMENT OF AUDIT AND COMPLIANCE ISSUES COI DISCLOSURE FORMS ANNUALLY TO OUR BOARD MEMBERS, ADMINISTRATION AND DIRECTORS. AUDIT AND COMPLIANCE RECEIVES, REVIEWS AND DOCUMENTS ALL POTENTIAL CONFLICTS (PERCEIVED AND REAL ). THE RESULTS ARE TAKEN TO THE COMPLIANCE COMMITTEE WHERE THE REAL CONFLICTS OF INTEREST ARE DISCUSSED AND A PLAN FOR CORRECTIVE ACTION IS DEVELOPED. THE CORRECTIVE ACTION RECOMMENDATIONS ARE TAKEN TO THE VARIOUS BOARDS AND ADMINISTRATION FOR IMPLEMENTATION. ANY TIME A CHANGE IN A RELATIONSHIP OR NEW POTENTIAL CONFLICT EVOLVES, THE INDIVIDUALS MUST AMEND THEIR COI DISCLOSURE FORM. CONFLICTED INDIVIDUALS ARE PROHIBITED FROM PARTICIPATING IN DELIBERATIONS AND DECISIONS REGARDING SUCH TRANSACTIONS, BUT MAY PROVIDE INFORMATION IF REQUESTED BY THE COMPLIANCE COMMITTEE.

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15a, Process to establish compensation of top management official	THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ENGAGES AN EXECUTIVE CONSULTING FIRM EVERY 2-3 YEARS TO REVIEW AND PROVIDE RECOMMENDATIONS REGARDING TOTAL COMPENSATION AND BENEFITS FOR THE EXECUTIVE LEADERSHIP TEAM. BASE COMPENSATION, INCENTIVE COMPENSATION, AND BENEFITS ARE INCLUDED IN THE REVIEW. THE EXECUTIVE CONSULTANTS REVIEW ORGANIZATION STRUCTURE, INDIVIDUAL JOB DESCRIPTIONS, AND DISCUSS SCOPE OF LEADERSHIP AND SPAN OF CONTROL WITH HR, THE COO, AND THE CEO AS A PART OF THE PROCESS TO DETERMINE PROPER PLACEMENT OF THE PAY GRADE AND LEVEL OF PARTICIPATION IN INCENTIVE AND BENEFITS PROGRAMS. THE COMPENSATION COMMITTEE PERIODICALLY REAFFIRMS THE TOTAL COMPENSATION PHILOSOPHY WHICH CURRENTLY TARGETS THE 75TH PERCENTILE OF TOTAL COMPENSATION FOR OUR LEADERSHIP TEAM. THE PEER GROUP USED IS NATIONAL HOSPITALS AND HEALTH SYSTEMS OF SIMILAR SIZE AND SCOPE. KEY EMPLOYEES AND OTHERS OUTSIDE OF THE EXECUTIVE LEADERSHIP TEAM HAVE COMPENSATION SET BY HR GUIDELINES AND/OR MARKET COMPENSATION STUDIES.

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15b, Process to establish compensation of other employees	THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ENGAGES AN EXECUTIVE CONSULTING FIRM EVERY 2-3 YEARS TO REVIEW AND PROVIDE RECOMMENDATIONS REGARDING TOTAL COMPENSATION AND BENEFITS FOR THE EXECUTIVE LEADERSHIP TEAM. BASE COMPENSATION, INCENTIVE COMPENSATION, AND BENEFITS ARE INCLUDED IN THE REVIEW. THE EXECUTIVE CONSULTANTS REVIEW ORGANIZATION STRUCTURE, INDIVIDUAL JOB DESCRIPTIONS, AND DISCUSS SCOPE OF LEADERSHIP AND SPAN OF CONTROL WITH HR, THE COO, AND THE CEO AS A PART OF THE PROCESS TO DETERMINE PROPER PLACEMENT OF THE PAY GRADE AND LEVEL OF PARTICIPATION IN INCENTIVE AND BENEFITS PROGRAMS. THE COMPENSATION COMMITTEE PERIODICALLY REAFFIRMS THE TOTAL COMPENSATION PHILOSOPHY WHICH CURRENTLY TARGETS THE 75TH PERCENTILE OF TOTAL COMPENSATION FOR OUR LEADERSHIP TEAM. THE PEER GROUP USED IS NATIONAL HOSPITALS AND HEALTH SYSTEMS OF SIMILAR SIZE AND SCOPE. KEY EMPLOYEES AND OTHERS OUTSIDE OF THE EXECUTIVE LEADERSHIP TEAM HAVE COMPENSATION SET BY HR GUIDELINES AND/OR MARKET COMPENSATION STUDIES.

Return Reference	Explanation
Form 990, Part VI, Sec C, Line 19, Required documents available to the public	CGHS PROVIDES COPIES OF ITS GOVERNING AND OTHER CORPORATE DOCUMENTS UPON REQUEST

Return Reference	Explanation
Form 990 , Part XI, Line 9, Other changes in net assets or fund balances	ROUNDING - -1,

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
CENTRAL GEORGIA HEALTH SYSTEMS INC

Employer identification number  
58-2149127

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) CENTRAL GA REHAB HOSPITAL LLC 3351 NORTHSIDE DRIVE MACON, GA 31210 30-0371539	REHABILITATION SERVICES	GA	19,041,998	20,747,489	CENTRAL GEORGIA HEALTH SYSTEMS

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) CENTRAL GEORGIA SENIOR HEALTH INC  691 CHERRY STREET SUTIE 400  MACON, GA 31201 58-2345439	RETIREMENT COMMUNITY	GA	501(C)(3)	Type II	CENTRAL GEORGIA HEALTH SYSTEMS	Yes	
(2) HEALTH SERVICES OF CENTRAL GEORGIA INC  691 CHERRY STREET SUTIE 400  MACON, GA 31201 58-2307485	HEALTHCARE SERVICES	GA	501(C)(3)	3	CENTRAL GEORGIA HEALTH SYSTEMS	Yes	
(3) MEDCEN COMMUNITY HEALTH FOUNDATION INC  858 HIGH STREET  MACON, GA 31201 23-7363555	FUNDRAISING	GA	501(C)(3)	7	CENTRAL GEORGIA HEALTH SYSTEMS	Yes	
(4) MEDICAL CENTER OF GEORGIA INC  691 CHERRY STREET SUTIE 400  MACON, GA 31201 58-2149128	HOSPITAL	GA	501(C)(3)	3	CENTRAL GEORGIA HEALTH SYSTEMS	Yes	
(5) THE MEDICAL CENTER OF PEACH COUNTY INC  1960 HWY 247  BYRON, GA 31008 45-3765471	HOSPITAL	GA	501(C)(3)	3	CENTRAL GEORGIA HEALTH SYSTEMS	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) CENTRAL GEORGIA PET LLC  1650 HARDEMAN AVENUE MACON, GA 31201 37-1464470	MEDICAL IMAGING CENTER	GA	MEDICAL CENTER OF CENTRAL GEORGIA	RELATED	947,412	420,587		No	0			66 667 %
(2) SECURE HEALTH PLANS OF GEORGIA INC  577 MULBERRY STREET SUITE 1000 MACON, GA 31201 58-2306549	MANAGED CARE	GA	NA	RELATED	242,541	2,428,996		No	0		No	50 388 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CENTRAL GEORGIA HEALTH VENTURES INC  691 CHERRY STREET SUITE 400 MACON, GA 31201 58-2164989	MANAGEMENT & HOME CARE SERVICES	GA	CENTRAL GEORGIA HEALTH SYSTEMS	C CORPORATION	4,042,392	5,048,743	100 %	Yes	
(2) CENTRA PROFESSIONAL INDEMNITY LTD  PO BOX 1363 GRAND CAYMAN CJ	INSURANCE	CJ	CENTRAL GEORGIA HEALTH SYSTEMS	C CORPORATION	7,732,210	91,633,901	100 %	Yes	



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 **(ii)** annuities **(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)

	Yes	No
1a		No
1b	Yes	
1c	Yes	
1d	Yes	
1e	Yes	
1f	Yes	
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l		No
1m		No
1n		No
1o		No
1p	Yes	
1q	Yes	
1r	Yes	
1s	Yes	

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

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

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

[illegible]

Part VII

Supplemental Information

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

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

Additional Data

Software ID: 13000248

Software Version: 2013v3.1

EIN: 58-2149127

Name: CENTRAL GEORGIA HEALTH SYSTEMS INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	33,531,866	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	B	3,246,860	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	K	1,191,667	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	839,365	CASH
CENTRAL GEORGIA HEALTH VENTURES INC	Q	451,047	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	13,223,121	CASH
MEDICAL CENTER OF PEACH COUNTY INC	Q	1,293,964	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	1,293,964	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	238,465	CASH
MEDICAL CENTER OF PEACH COUNTY INC	Q	238,465	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	S	3,842,473	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	R	137,115	FMV
MEDICAL CENTER OF PEACH COUNTY INC	S	137,115	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	718,107	CASH
MEDICAL CENTER OF PEACH COUNTY INC	P	718,107	CASH
CENTRA PROFESSIONAL INDEMNITY	S	12,097,243	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	R	9,592,938	CASH
CENTRAL GEORGIA SENIOR HEALTH INC	R	162,612	CASH
HEALTH SERVICES OF CENTRAL GEORGIA INC	R	2,057,132	CASH
MEDICAL CENTER PEACH COUNTY	R	125,366	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	J	57,756	CASH
CENTRAL GEORGIA PET LLC	K	57,756	CASH
CENTRAL GEORGIA PET LLC	F	906,000	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	282,359	CASH
CENTRAL GEORGIA PET LLC	Q	282,359	CASH

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MEDICAL CENTER OF PEACH COUNTY INC	Q	160,995	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	160,995	CASH
MEDICAL CENTER OF PEACH COUNTY INC	D	2,333,255	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	E	2,333,255	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	23,136,352	CASH
HEALTH SERVICES OF CENTRAL GEORGIA INC	P	23,136,352	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	1,018,240	CASH
HEALTH SERVICES OF CENTRAL GEORGIA INC	P	1,018,240	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	40,440,788	CASH
HEALTH SERVICES OF CENTRAL GEORGIA INC	Q	40,440,788	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	B	17,032,790	CASH
HEALTH SERVICES OF CENTRAL GEORGIA INC	C	17,032,790	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	J	1,018,434	FMV
HEALTH SERVICES OF CENTRAL GEORGIA INC	K	1,018,434	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	J	96,265	FMV
HEALTH SERVICES OF CENTRAL GEORGIA INC	K	96,265	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	1,139,005	CASH
MEDCEN FOUNDATION INC	P	1,139,005	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	J	55,796	FMV
MEDCEN FOUNDATION INC	K	55,796	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	B	1,194,801	CASH
MEDCEN FOUNDATION INC	C	1,194,801	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	6,190,029	CASH
CENTRAL GEORGIA SENIOR HEALTH INC	Q	6,190,029	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	6,163,757	CASH

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
CENTRAL GEORGIA SENIOR HEALTH INC	P	6,163,757	CASH
CENTRAL GEORGIA SENIOR HEALTH INC	D	73,456	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	E	73,456	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	87,563	CASH
CENTRAL GEORGIA HEALTH VENTURES INC	Q	87,563	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	88,485	CASH
CENTRAL GEORGIA HEALTH VENTURES INC	P	88,485	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	Q	2,502,561	CASH
CENTRAL GEORGIA HEALTH VENTURES INC	P	2,502,561	CASH
MEDICAL CENTER OF CENTRAL GEORGIA INC	J	70,107	FMV
CENTRAL GEORGIA HEALTH VENTURES INC	K	70,107	FMV
MEDICAL CENTER OF CENTRAL GEORGIA INC	P	2,699,232	CASH
CENTRAL GEORGIA HEALTH VENTURES INC	Q	2,699,232	CASH

**NAVICENT HEALTH, INC.  
AND AFFILIATES**

Consolidated Financial Statements  
and  
Supplemental Information

for the

Years Ended September 30, 2014 and 2013

(with Independent Auditors' Report thereon)

**NAVICENT HEALTH, INC.  
AND AFFILIATES**

Table of Contents

September 30, 2014 and 2013

	<b><u>Page</u></b>
Independent Auditors` Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplemental Information	
Independent Auditors` Report on Supplemental Information	46
Consolidating Balance Sheet (Navicent Health, Inc and Affiliates)	47
Consolidating Schedule of Operations and Changes in Net Assets (Navicent Health, Inc and Affiliates)	49



### **Independent Auditors' Report**

The Board of Directors  
Navicent Health, Inc. and Affiliates  
Macon, Georgia

We have audited the accompanying consolidated financial statements of Navicent Health, Inc. and Affiliates (collectively, "Navicent Health"), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Centra Professional Indemnity, Ltd. ("CPI"), a consolidated affiliate, which statements reflect total assets of approximately \$91,634,000 and \$93,131,000 as of September 30, 2014 and 2013, respectively, and total revenues of \$10,992,000 and \$8,813,000 for the years ended September 30, 2014 and 2013, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CPI for 2014 and 2013, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

## Independent Auditors' Report, continued

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

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

### *Opinion*

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Navicent Health as of September 30, 2014 and 2013, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 2 and Note 19 to the consolidated financial statements, during the year ended September 30, 2014, Navicent Health implemented new accounting guidance that require retrospective adjustments to amounts previously reported as of and for the year ended September 30, 2013. Our opinion is not modified with respect to this matter.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
January 29, 2015

# NAVICENT HEALTH, INC. AND AFFILIATES

## Consolidated Balance Sheets (dollars in thousands)

September 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 54,560	\$ 34,625
Short-term investments	746,736	702,037
Patient accounts receivable, less allowance for uncollectible accounts of \$44,525 and \$41,516 in 2014 and 2013, respectively	161,293	157,512
Estimated third-party settlements	2,372	363
Other accounts and notes receivable	20,146	8,361
Prepaid expenses and other current assets	14,746	12,976
Total current assets	<u>999,853</u>	<u>915,874</u>
Assets limited as to use	197,095	187,055
Long-term investments	25,521	14,642
Property and equipment, net	397,181	406,947
Cash surrender value of insurance policies	23,960	22,799
Other	<u>4,506</u>	<u>3,399</u>
Total assets	<u>\$ 1,648,116</u>	<u>\$ 1,550,716</u>

The accompanying notes are an integral part of these consolidated financial statements.

# NAVICENT HEALTH, INC. AND AFFILIATES

Consolidated Balance Sheets, continued  
(dollars in thousands)

September 30, 2014 and 2013

<u>Liabilities and Net Assets</u>	<u>2014</u>	<u>2013</u>
Current liabilities.		
Accounts payable and accrued expenses	\$ 31,284	\$ 28,087
Accrued compensation and withholdings	34,781	31,159
Current portion of long-term debt	9,415	7,075
Entrance fee deposits and refunds payable	455	1,044
Estimated third-party settlements	562	1,896
Other current liabilities	37,762	13,739
Total current liabilities	<u>114,259</u>	<u>83,000</u>
Long-term debt, excluding current portion	217,650	208,633
Reserve for self-insured losses	45,713	45,339
Accrued pension benefit liability	52,010	47,568
Deferred revenue from entrance fees	10,560	8,832
Refunds payable	30,438	30,878
Other long-term liabilities	56,850	50,302
Asset retirement obligation	1,686	3,536
Total liabilities	<u>529,166</u>	<u>478,088</u>
Net assets		
Unrestricted	1,029,545	994,654
Temporarily restricted	84,680	73,311
Total net assets excluding noncontrolling interest	<u>1,114,225</u>	<u>1,067,965</u>
Noncontrolling interest in subsidiaries	<u>4,725</u>	<u>4,663</u>
Total net assets (as restated for 2013, see Note 19)	<u>1,118,950</u>	<u>1,072,628</u>
Total liabilities and net assets	<u>\$ 1,648,116</u>	<u>\$ 1,550,716</u>

The accompanying notes are an integral part of these consolidated financial statements.

# **NAVICENT HEALTH, INC. AND AFFILIATES**

## Consolidated Statements of Operations (dollars in thousands)

For the Years Ended September 30, 2014 and 2013

	<u><b>2014</b></u>	<u><b>2013</b></u>
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 755,486	\$ 756,963
Provision for bad debts	<u>(62,292)</u>	<u>(53,023)</u>
Net patient service revenue less provision for bad debts	693,194	703,940
Other revenue	<u>44,160</u>	<u>44,559</u>
Total unrestricted revenues, gains, and other support	<u>737,354</u>	<u>748,499</u>
Expenses		
Labor and employee benefits	383,258	408,688
Supplies and other expenses	267,848	289,496
Depreciation and amortization	44,302	43,209
Interest	<u>7,278</u>	<u>7,343</u>
Total expenses	<u>702,686</u>	<u>748,736</u>
Income (loss) from operations	34,668	(237)
Other income (loss).		
Investment income	70,230	40,234
Change in fair value of interest rate swap	(1,042)	6,546
Loss on settlements	(23,110)	-
Other	<u>(3,240)</u>	<u>(2,213)</u>
Total other income	<u>42,838</u>	<u>44,567</u>
Excess of unrestricted revenues, gains, and other support over expenses	77,506	44,330
Excess of unrestricted revenues, gains, and other support over expenses attributable to noncontrolling interest	<u>(626)</u>	<u>(773)</u>
Excess of unrestricted revenues, gains, and other support over expenses attributable to controlling interest	<u>\$ 76,880</u>	<u>\$ 43,557</u>

The accompanying notes are an integral part of these consolidated financial statements.

# **NAVICENT HEALTH, INC. AND AFFILIATES**

## Consolidated Statements of Changes in Net Assets (dollars in thousands)

For the Years Ended September 30, 2014 and 2013

	<u><b>2014</b></u>	<u><b>2013</b></u>
Unrestricted net assets, controlling interest		
Excess of unrestricted revenues, gains, and other support over expenses attributable to controlling interest	\$ 76.880	\$ 43.557
Net unrealized gains (losses) on investments	(7.360)	32.675
Change in pension plan and post retirement health care plan funded status	(36.548)	72.586
Contribution	184	59
Net assets released from restriction and other	1.735	1.955
Other	-	(2.357)
	<hr/>	<hr/>
Increase in unrestricted net assets, controlling interest	34.891	148.475
Unrestricted net assets, noncontrolling interest		
Excess of unrestricted revenues, gains, and other support over expenses	626	773
Distribution to noncontrolling interest	(564)	(812)
	<hr/>	<hr/>
Increase (decrease) in unrestricted net assets, noncontrolling interest	62	(39)
Temporarily restricted net assets,		
Contributions	6.099	2.775
Investment gain	7.005	8.525
Net assets released from restrictions	(1.735)	(1.955)
Increase in temporarily restricted net assets	<hr/> 11.369	<hr/> 9.345
	<hr/>	<hr/>
Increase in net assets	46.322	157.781
Net assets at beginning of year (as restated, see Note 19)	<hr/> 1,072.628	<hr/> 914.847
Net assets at end of year	<hr/> <u>\$ 1,118.950</u>	<hr/> <u>\$ 1,072.628</u>

The accompanying notes are an integral part of these consolidated financial statements.

# NAVICENT HEALTH, INC. AND AFFILIATES

## Consolidated Statements of Cash Flows (dollars in thousands)

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating activities		
Increase in net assets	\$ 46,322	\$ 157,782
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(48,583)	(46,666)
Net restricted contributions and investment income	(13,104)	(11,300)
Change in pension plan and post retirement health care plan funded status	36,548	(72,586)
Change in fair value of interest rate swap	1,042	(6,546)
Depreciation and amortization	44,302	43,209
Loss on disposal of property and equipment	1,879	830
Provision for bad debts	(62,292)	(53,023)
Amortization of deferred revenues	(1,017)	(1,925)
Proceeds from nonrefundable entrance fees	3,889	1,592
Changes in operating assets and liabilities		
Patient accounts receivable, net	58,511	47,369
Other assets, prepaid expenses, and supplies	(15,671)	2,040
Accounts payable and accrued expenses	3,197	3,544
Accrued compensation and withholdings	3,622	(1,157)
Estimated third-party payor settlements	(3,343)	(5,696)
Entrance fee deposits	(698)	(95)
Other current liabilities	24,023	(882)
Supplemental benefit plan	(1,161)	(1,672)
Other long-term liabilities	806	1,556
Reserve for self-insured losses	374	(2,451)
Accrued pension benefit liability	(29,256)	(5,932)
Net cash provided by operating activities	49,390	47,991
Investing activities		
Purchase of property and equipment	(35,404)	(48,579)
Purchases of investments, net	(6,995)	(17,544)
Change in assets limited as to use, net	(10,040)	(5,114)
Net cash used in investing activities	(52,439)	(71,237)
Financing activities		
Principal payments on long-term debt	(7,888)	(6,205)
Proceeds from bond	6,323	19,848
Proceeds from taxable loan	12,920	4,476
Net restricted contributions and investment income	13,104	11,300
Refund of entrance fees	(2,458)	(2,854)
Proceeds from refundable entrance fees	983	2,651
Net cash provided by financing activities	22,984	29,216
Net change in cash and cash equivalents	19,935	5,970
Cash and cash equivalents at beginning of year	34,625	28,655
Cash and cash equivalents at end of year	<u>\$ 54,560</u>	<u>\$ 34,625</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NAVICENT HEALTH, INC.  
AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Years Ended September 30, 2014 and 2013  
(All tabular amounts in thousands)

**1 Organization and General**

Central Georgia Health Systems, Inc. was incorporated on November 17, 1994, as a nonprofit corporation whose primary purpose is to serve as a controlling body for The Medical Center of Central Georgia, Inc. and other affiliated entities, in supporting their mission of coordinating the functions of individual corporate providers of a comprehensive range of high quality, reasonably priced health care services to the central Georgia community.

During 2014 Central Georgia Health Systems, Inc. began doing business as Navicent Health. Subsequent to September 30, 2014, Central Georgia Health Systems, Inc. officially changed its name to Navicent Health, Inc. The entities described below are consolidated to form Navicent Health, Inc. and Affiliates (collectively, "Navicent Health").

**The Medical Center of Central Georgia, Inc., d/b/a The Medical Center, Navicent Health (the "Medical Center" or "MCNH")** - The Medical Center is a nonprofit medical center whose primary purpose is to provide inpatient, outpatient, physician care, home care, emergency and other health care related services to the central Georgia community. The Medical Center operates the Doctors Office Building, Central Georgia Pet, LLC and the Hospice of Central Georgia. The Medical Center is a controlled affiliate of Navicent Health.

The Medical Center leases certain assets from the Macon-Bibb County Hospital Authority (the "Authority") for a term of 30 years. Pursuant to the lease agreement dated February 14, 1995, effective October 1, 1995, substantially all assets of the Authority were transferred to the Medical Center and substantially all liabilities and operating responsibilities of the Authority were assumed by the Medical Center. Pursuant to the new lease agreement dated July 1, 2005, the lease term has been extended to July 1, 2045. In addition, the Medical Center pays bond indebtedness, the related interest thereon, and certain other expenses of the Authority. At the expiration or termination of the agreement, all assets of the Medical Center and certain interests of affiliated entities shall be distributed, subject to such debt or other liabilities as may be applicable, to the Authority.

**Central Georgia Health Ventures, Inc. d/b/a Health Ventures, Navicent Health ("HVNH")** - HVNH was incorporated on February 14, 1995 and is a taxable corporation whose primary purpose is to operate Central Georgia Home Care Services, Inc. d/b/a Home Care Services, Navicent Health ("HCNH").

**Health Services of Central Georgia, Inc. d/b/a Health Services, Navicent Health ("HSNH")** - HSNH, incorporated on February 24, 1997, is a nonprofit corporation whose primary purpose is to employ healthcare providers such as physicians, nurse practitioners and physician assistants that are in short supply in private practice and to provide medical education.



**Central Georgia Senior Health, Inc. d/b/a Carlyle Place, Navicent Health (“Carlyle Place”)** – Carlyle Place, incorporated on May 2, 1997, is a nonprofit corporation whose primary purpose is to construct, own, and operate a continuing care retirement community in Macon, Georgia

**Medcen Community Health Foundation, Inc. d/b/a Medcen Community Health Foundation, Navicent Health (“Medcen”)** – Medcen, incorporated on July 13, 1973, is a nonprofit corporation whose primary purpose is to raise funds of any kind or character to be used exclusively for charitable, medical, educational, and scientific purposes at or in connection with Navicent Health

**Centra Professional Indemnity, Ltd. (“CPI”)** – CPI, incorporated on November 14, 1995, is a controlled foreign corporation whose primary purpose is to provide certain professional and workers’ compensation insurance coverage for Navicent Health

**Central Georgia Rehabilitation Hospital, LLC d/b/a Rehabilitation Hospital, Navicent Health (“RHNH”)** – RHNH is a Georgia limited liability company whose sole member is Navicent Health, Inc. The Limited Liability Company operating agreement was made effective as of June 28, 2006, by Navicent Health, Inc. RHNH is operated with the sole mission to provide rehabilitation services to the central Georgia community

**Central Georgia PET, LLC (“PET”)** – PET was incorporated on December 5, 2001, for the purpose of operating an outpatient radiology imaging center. MCNH has a 66.7% ownership interest in PET whose operations are consolidated within MCNH’s consolidated financial statements. Included in unrestricted net assets at September 30, 2014 and 2013, are approximately \$450,000 and \$419,000, respectively, representing the noncontrolling interest in PET

**Secure Health Plans of Georgia, LLC (“SHPG”)** – SHPG, incorporated on November 6, 1996, is a limited liability company whose primary purpose is to provide certain health care services through the establishment, operation, and maintenance of a diversified portfolio of insurance products. Navicent Health provided 50.4% of the capital of SHPG. Included in unrestricted net assets at September 30, 2014 and 2013, are \$4,275,000 and \$4,244,000, respectively, representing the noncontrolling interest in SHPG

**The Medical Center of Peach County, Inc. d/b/a The Medical Center of Peach County, Navicent Health (“Peach Medical Center”)** – Peach Medical Center, incorporated during 2012, is a controlled nonprofit medical center whose primary purpose is to provide inpatient, outpatient, physician care, emergency and other health care related services to the Peach County, Georgia area

On March 27, 2012, The Hospital Authority of Peach County (“Peach Authority”) and the Peach Medical Center entered a Lease and Transfer Agreement (“Lease”). The commencement date of the Lease was not determined at that time. Under the terms of the Lease agreement, Navicent Health would manage and operate the hospital facility once the Lease commenced.

On January 1, 2013, the Lease agreement was amended such that the commencement date was January 1, 2013. As a result of this transaction, all hospital related operations under the Peach Authority, and related assets and liabilities were transferred to the Peach Medical Center on January 1, 2013.

**Stratus Healthcare** - During 2013, Navicent Health (including the Medical Center, Peach Medical Center and RHNH) joined Stratus Healthcare ("Stratus") an alliance of 29 hospitals and 14 health systems. Stratus is a collaborative partnership of hospitals, the largest of its kind in the Southeast, in central and South Georgia that has formed to create a network of hospitals, health care systems and physicians. Members of the Stratus alliance will work together to exchange best practices, combine resources, develop coordinated information systems, reduce costs and manage the health of populations, providing the Federal healthcare reform will require that medical care be reimbursed based on a fee-for-value framework rather than the fee-for-service model used in the past.

## 2 **Significant Accounting and Reporting Policies**

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

**Accounting Standards** - Navicent Health follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that Navicent Health follows to ensure consistent reporting of its financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the "Codification" or "ASC." Updates to the Codification are referred to as Accounting Standard Updates ("ASU").

**Principles of Consolidation** - The consolidated financial statements include the accounts of Navicent Health and all affiliated entities. All significant intercompany transactions and accounts have been eliminated in consolidation.

**Fair Value Measurements** - GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value, and GAAP establishes a three level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities such as debt and equity securities, mutual funds, and money market accounts that are traded in an active market, and other cash equivalents. Level one investments include common stocks, equity mutual funds and money market funds that are traded in an active market.

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. Navicent Health's level two investments include corporate bonds, U.S. government obligations, and asset and mortgage backed securities. Navicent Health utilizes a third party pricing service to determine the fair value of each of these investment securities. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

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. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Navicent Health's level three investments include limited liability partnerships and limited liability companies. The fair value for these investments are determined by applying Navicent Health's ownership percentage to the net asset value of the investment fund. Underlying investments of the funds include hedge funds, real estate funds, mortgage backed securities, asset backed securities and global equity fund of funds.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on hand, deposits with banks, overnight sweep repurchase agreements and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding assets limited as to use. From time to time Navicent Health deposits at banks exceed the Federal Deposit Insurance Corporation insurance limit. By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized.

**Investments** - Investments in marketable equity securities and all investments in debt securities are stated at fair value in the consolidated balance sheets. All investments have been designated by management to be other than trading securities. Investment income or loss (including realized gains and losses on investments, interest, dividends and other-than-temporary impairment in investments) is included in the excess of unrestricted revenues, gains, and other support over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of unrestricted revenues, gains, and other support over expenses.

Management evaluates individual securities to ascertain whether other-than-temporary impairment ("OTTI") has occurred. Management considers several factors including when the security might recover in value, declines in market value below 80% of the original cost for a period in excess of a year, and whether or not management intends to hold the respective security until the anticipated recovery in value occurs. No OTTI was recognized during 2014 and 2013.

**Assets Limited as to Use** - Assets limited as to use include assets held by trustees under bond indenture agreements, held for use for Medcen activities and by donor restrictions, set aside for the self-insurance reserve fund, or set aside by the Board of Directors ("Board") for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

**Interest Rate Swap** - Navicent Health utilizes an interest rate swap to manage the variability in interest rates on certain of its variable rate debt. Derivative instruments are required to be reported at fair value as either assets or liabilities in the balance sheet. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged. For derivative instruments not designated as hedging instruments, the changes in fair value are recognized in the performance indicator.

The performance indicator (excess of unrestricted revenues, gains, and other support over expenses) reported by not-for-profit healthcare organizations is analogous to income from continuing operations of a for-profit enterprise. Navicent Health does not account for the interest rate swap under hedge accounting, and, accordingly, changes in the value of the swap are recorded above the performance indicator. Due to the uncertainty inherent in the valuation process, such estimates of fair value may

differ significantly from the values that would have been used had a ready market for the securities existed

**Patient Accounts Receivable** – Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, Navicent Health analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor 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, Navicent Health analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary.

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), Navicent Health records a provision for bad debts 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) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Recoveries of accounts previously written off are recorded as a reduction to the provision for bad debt expense when received.

**Allowance for Uncollectible Accounts** - The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. Navicent Health's allowance for doubtful accounts for self-pay patients was 98% of self-pay accounts receivable at September 30, 2014 and 2013.

**Inventory** – Inventory is included as a component of other current assets on the consolidated balance sheets, and consists primarily of medical supplies stated principally at the lower of average cost or market.

**Property and Equipment** - Property and equipment acquisitions are recorded on the basis of cost. Expenditures for maintenance and repairs are charged to expense. Expenditures that materially increase the value of property and equipment or extend useful lives are capitalized as a cost of the applicable property and equipment. Navicent Health removes the costs and related allowances from the accounts for properties sold or retired.

Property and equipment are depreciated using straight-line methods over their estimated economic lives. Useful lives range from 5 to 25 years for land improvements, 20 to 40 years for buildings, and 3 to 15 years for equipment.

**Long-Lived Assets** – Periodically, reviews are performed of long-lived assets, such as property and equipment and goodwill, to determine whether any impairment exists. Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at September 30, 2014 and 2013.

**Vacation Policy** - Employee vacation pay is accrued when earned by the employee and is recorded within accrued compensation and withholdings on the consolidated balance sheets

**Entrance Fee Deposits** - Deposits received from future residents (10% of the entrance fee) of the continuing care retirement community are held in an escrow account, earning interest, until the residents move into the continuing care retirement community. These deposits are recorded as a current liability.

**Refundable and Nonrefundable Entrance Fees** - Refundable and nonrefundable entrance fees are received from residents upon admission to the continuing care retirement community.

Certain contracts with residents stipulate that entrance fees are refundable on a vacated unit when the entrance fee on a comparable unit has been collected but are not limited to the proceeds of re-occupancy. These refundable entrance fees are recorded as refunds payable.

Certain contracts with residents stipulate that entrance fees are not refundable 48 months after the original contract date. Nonrefundable entrance fees are recorded as deferred revenue and amortized on a straight-line basis over the life expectancy of the resident on the date of occupancy. Unamortized deferred revenue from nonrefundable entrance fees is recorded as revenue upon a resident's death or the termination of the contract.

**Adoption of New Accounting Policies** - During the year ended September 30, 2014, Navicent Health implemented the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2012-01 Health Care Entities (Topic 954), *Continuing Care Retirement Communities – Refundable Advance Fees* ("ASU 2012-01"). The amendments in this update clarify that an entity should classify an advance fee as deferred revenue when a continuing care retirement community has a resident contract that provides for payment of the refundable advance fee upon re-occupancy by a subsequent resident, which is limited to the proceeds of re-occupancy. Refundable advance fees that are contingent upon re-occupancy by a subsequent resident but are not limited to the proceeds of re-occupancy should be accounted for and reported as a liability.

Prior to the issuance of ASU 2012-01, Carlyle Place recorded the refundable portion of the resident's entrance fee for the independent living units as deferred revenue and amortized the refundable portion of the entrance fee into revenue using the straight-line method over the estimated useful life of the independent living unit. Carlyle Place, Navicent Health's Residency Agreement does not explicitly limit the amount of the refund to the amount of proceeds collected from re-occupancy. Therefore, as a result of the clarification in ASU 2012-01, it was determined that the refundable portion of the entrance fee should be recorded as a liability, with no amortizing revenue, instead of deferred revenue.

As a result of the retroactive application of this guidance, certain amounts previously reported as of and for the year ended September 30, 2013, have been retrospectively restated and an adjustment has been recorded to net assets as of October 1, 2013. The effect of this restatement on previously reported financial statement amounts is discussed in Note 19.

**Temporarily Restricted Net Assets** - Temporarily restricted net assets are those whose use is restricted by the donor for a specific time period or purpose.

**Net Patient Service Revenue, Less Provision for Bad Debts** - Net patient service revenue, less provision for bad debts, is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under

reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Navicent Health's revenues may be subject to adjustment as a result of examination by government agencies or contractors, and as a result of differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms. The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered.

**Reserve for Self-Insured Losses** – Navicent Health is insured by CPI for certain professional and workers' compensation insurance. CPI determines its provision for known cases on the basis of the losses reported to it by a claims handler. CPI has engaged the services of independent consulting actuaries to advise on the required level of total outstanding loss reserves. The provision for outstanding loss reserves is therefore based upon the advice of these actuaries and management's best estimate for the ultimate development of losses reported.

Changes in estimates of outstanding claims reserves resulting from the continuous review process and differences between estimates and payments are recognized in income in the period in which they are determined.

CPI records its estimated liabilities gross of any amounts recoverable under its own reinsurance, which amounts, if any, are recorded separately in the consolidated balance sheets. In the event that CPI reinsurers are unable to meet their obligations under the reinsurance agreements, CPI would be liable to pay all losses under the reinsurance assumed but would only receive reimbursement to the extent that the reinsurers can meet their obligations.

**Operating and Nonoperating Activities** – Navicent Health's primary purpose is to provide diversified health care services to the community. As such, activities related to the ongoing operations of Navicent Health are classified as operating activities. Operating revenues include those generated from direct patient care, related support services, and sundry revenues related to the operation of Navicent Health. Activities not directly related to the ongoing operations of Navicent Health, or that occur infrequently, are reported as other revenue. Included in other revenue are activities related to cafeteria, parking, grant, and other miscellaneous revenues. In addition, gains or losses from disposition of operating properties, earnings on interest bearing deposits, change in fair values of interest rate swaps, interest on nonoperating investments, and marketable securities that are used to support health related activities are reported as other income.

**Charity Care** – Navicent Health provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Navicent Health accepts all patients regardless of their ability to pay. Because Navicent Health does not pursue collection of amounts determined to qualify as charity care, such amounts are excluded from net patient service revenue. Partial payments to which Navicent Health is entitled from public assistance programs on behalf of patients that meet Navicent Health's charity care criteria are reported as net patient service revenue.

Navicent Health, under its financial assistance and uninsured discount policies, provides care without charge or at discounted rates to all uninsured patients, including any uninsured patient who experiences catastrophic-related illness or injury. Key elements used to determine eligibility for financial assistance include a patient's demonstrated inability to pay based on family size and household income relative to Federal income poverty guidelines. Amounts determined to qualify as financial assistance are not reported as net patient service revenue. The estimated cost of services of charity care provided under

Navicent Health's financial assistance policy is estimated by applying a cost to charge ratio to the amount of applicable charges foregone. These costs amount to approximately \$21,771,000 and \$22,457,000 for 2014 and 2013, respectively.

**Excess of Unrestricted Revenues, Gains, and Other Support Over Expenses** - The consolidated statements of operations include excess of unrestricted revenues, gains, and other support over expenses. Changes in unrestricted net assets which are excluded from excess of unrestricted revenues, gains, and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, changes in unfunded pension and postretirement plan gains and losses, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Gifts, Contributions, and Grants** - Gifts, contributions, and grants are recorded at market value as of the date of receipt. Noncash items are recorded at market value on the date of the gift. Contributions restricted by the donor are recorded in restricted net assets at market value on the date of the contribution.

**Donor-Restricted Gifts** - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

**Income Tax** - Navicent Health, Inc., the Medical Center, HSNH, Carlyle Place, and Medcen are organizations exempt from federal income tax, pursuant to Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. CPI is a foreign corporation not subject to tax in the United States. PET, RHNH and SHPG are organized under Georgia law and the Internal Revenue Code as limited liability companies ("LLC"). The members of an LLC report taxable income or loss on their corporate or individual tax returns. Navicent Health's share of income from PET, RHNH and SHPG operations is not considered unrelated business income ("UBI") and is therefore not subject to tax.

HVNH is subject to income tax. With respect to its for-profit subsidiaries, Navicent Health accounts for income taxes in accordance with the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the periods that the deferred tax asset or liability is expected to be realized or settled.

Navicent Health and its affiliates have evaluated their tax positions and have determined that they do not have any material unrecognized tax benefits or obligations as of September 30, 2014. Fiscal years ending on and after September 30, 2011 remain subject to examination by federal and state tax authorities.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Asset Retirement Obligations** – A conditional asset retirement obligation is an unconditional legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Navicent Health recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

**Cash Surrender Value of Insurance Policies** – Navicent Health previously had a supplemental executive benefit program (“SEBP”) for current and retired executives (“Executive” or “Executives”) that was designed to protect against the loss of key employees. Navicent Health paid premiums on insurance policies for each Executive in the plan. Navicent Health anticipated that the cash surrender value of the policies would grow to amounts sufficient for the Executives to take withdrawals from, or borrow against, the value to supplement the Executives’ retirement income. During 2009, Navicent Health suspended the SEBP program and stopped making further premium payments on the insurance policies.

Navicent Health continues to retain an assigned interest in the life insurance policies. The cash surrender value of the policies amounted to approximately \$23,960,000 and \$22,799,000 at September 30, 2014 and 2013, respectively, and these amounts are included as a long-term asset in the consolidated balance sheets.

**Pension Plan and Postretirement Health Care Benefits** – Navicent Health sponsors a defined benefit pension plan and a postretirement health care plan. Navicent Health recognizes the overfunded and underfunded status of the defined benefit pension and postretirement plans in its balance sheets. Changes in the funded status are recorded in the year in which the changes occurred through changes in unrestricted net assets. Plan assets and benefit obligations are measured as of the date of the fiscal year-end balance sheet.

**Subsequent Events** – Navicent Health evaluated the effect subsequent events would have on the consolidated financial statements from October 1, 2014 through January 29, 2015, which is the date the consolidated financial statements were issued. Other than formally changing the name of Central Georgia Health Systems, Inc. to Navicent Health, Inc. disclosed in Note 1 and entering a management agreement and credit facility agreement disclosed in Note 20, Navicent Health did not have any material recognizable subsequent events during that period.

### 3 **Net Patient Service Revenue**

A summary of payment arrangements with major third-party payors follows:

#### **Medicare**

Medicare inpatient and outpatient services, with certain limited exceptions, are based on a prospective reimbursement methodology referred to as the Prospective Payment System (“PPS”) for inpatients and Ambulatory Payment Classifications (“APCs”) for outpatients. Under PPS, a hospital is reimbursed at predetermined rates for an episode of care based on diagnosis-related groups (“DRGs”) for inpatients and APCs for outpatients, which classify treatments for illnesses according to the estimated intensity of hospital resources necessary to furnish care for each diagnosis. As a teaching hospital, Navicent Health receives payments



for training physicians and other medical professionals (graduate medical education or GME payments) These payments are in two different forms, direct medical education ("DME") and indirect medical education ("IME") payments DME payments support the direct costs of training while IME payments support the higher infrastructure that teaching hospitals incur relating to teaching, and higher patient acuity As a hospital serving a disproportionate share of low-income patients (Medicare and Medicaid patients eligible to receive supplemental Social Security income), Navicent Health also receives additional payments in the form of disproportionate share payments

Navicent Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report and audits thereof by the Medicare fiscal intermediary Navicent Health's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization Navicent Health's cost reports have been audited and final settled by the Medicare fiscal intermediary through September 30, 2009

### **Medicaid**

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a diagnostic related group based methodology that is not subject to retroactive settlement Outpatient services are paid on a cost reimbursement methodology subject to certain limits Services rendered under this program are recorded at established rates and reduced to the estimated amount due from the third-party payors through recording of contractual adjustments and other discounts Because Navicent Health cannot pursue collections for the contractual or discounted amounts, they are not reported as revenue

Beginning June 1, 2006, Georgia Medicaid moved a significant portion of its recipients to managed care companies called Care Management Organizations ("CMO") Contractual payments are made by the CMO for services provided using the same methodology and payment rates as traditional Medicaid Navicent Health's cost reports have been audited and final settled by the Medicaid fiscal intermediary through September 30, 2010

### **Managed Care and Other Payors**

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

Net patient service revenues are reported at the estimated net realizable amounts from third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as interim or final settlements are determined In the opinion of management, adequate provisions have been made for any adjustments that may result from such reviews However, it is reasonably possible that recorded estimates will change by material amounts in the near term Net patient service revenue increased approximately \$7,380,000 and \$1,872,000 for 2014 and 2013, respectively, due to changes in amounts previously estimated as a result of final settlements and changes in estimates

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

and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the consolidated financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 created the Recovery Audit Contractors ("RAC") program to detect and correct improper payments in the Medicare program. During 2014, CMS introduced a program whereby hospitals could settle RAC appeals at 68% of the disputed amount. Navicent Health entered this program and as a result settled their RAC claims and recorded a loss of approximately \$2,700,000.

Gross patient service charges and net patient service revenue for the years ended September 30 include:

	<u>2014</u>	<u>2013</u>
Gross patient service charges	\$ 2,318,760	\$ 2,257,796
Provision for contractual adjustments		
Medicare	783,914	771,739
Medicaid	310,820	296,142
Other	<u>376,281</u>	<u>352,089</u>
Total contractual adjustments	1,471,015	1,419,970
Charity care		
Charity care charges	82,533	77,026
County contributions from tax revenue	(494)	(500)
Other state funding	<u>(2,608)</u>	<u>(2,608)</u>
Net charity care	79,431	73,918
Other adjustments	<u>12,828</u>	<u>6,945</u>
Total contractual and other adjustments	<u>1,563,274</u>	<u>1,500,833</u>
Patient service revenue (net of contractual allowances and discounts)	755,486	756,963
Less provision for bad debts	<u>62,292</u>	<u>53,023</u>
Net patient service revenue, less provision for bad debts	\$ <u>693,194</u>	\$ <u>703,940</u>

**Indigent Care Trust Fund** - Under the provisions of the Georgia Indigent Care Trust Fund Act ("ICTF"), Medicaid disproportionate share hospitals ("DSH") may contribute funds to be used by the State in the Medicaid program and which will be supplemented by federal funds (combination dollars). The combination dollars are returned to DSH as additional Medicaid inpatient reimbursement.

Amounts recorded in patient service revenue (net of contractual allowances and discounts) in the consolidated financial statements related to the ICTF are summarized approximately as follows

	<u>2014</u>	<u>2013</u>
Amounts received from the ICTF	\$ 13,563	\$ 8,234
Contribution to ICTF	<u>4,621</u>	<u>2,836</u>
Excess received over contribution	\$ <u>8,942</u>	\$ <u>5,398</u>

**Upper Payment Limit** - Under the provisions of the Georgia Upper Payment Limit Rate adjustments ("UPL"), government owned or operated hospitals, nursing homes and critical access eligible hospitals may contribute funds to be used by the state in the Medicaid program, which will be supplemented by federal funds (combination dollars)

Amounts recorded in the consolidated financial statements related to the UPL are summarized approximately as follows

	<u>2014</u>	<u>2013</u>
Amounts received from UPL	\$ 3,798	\$ 8,646
Contributions to UPL	<u>1,299</u>	<u>2,960</u>
Excess received over contribution	\$ <u>2,499</u>	\$ <u>5,686</u>

Net amounts received under the ICTF and UPL programs are recorded in net patient service revenue. The federal government does not ensure future ICTF and UPL funding. Reduced ICTF and UPL funding may impact the Navicent Health's operations.

**HITECH Incentive Funding for Meaningful Use of Electronic Health Records** - The American Recovery and Reinvestment Act of 2009 ("ARRA") established incentive payments under the Medicare and Medicaid programs for certain healthcare providers that use certified electronic health records ("EHR") technology. The program is commonly referred to as the Health Information Technology for Economic and Clinical Health ("HITECH") Act. To qualify for incentives under the HITECH Act, healthcare providers must meet designated EHR meaningful use criteria as defined by the Centers for Medicare and Medicaid Services ("CMS"). Incentive payments are awarded to healthcare providers who have attested to CMS that applicable meaningful use criteria have been met. Compliance with meaningful use criteria is subject to audit by the federal government or its designee and incentive payments are subject to adjustment in a future period.

Navicent Health recognizes revenue for EHR incentive payments in the period in which it has attested that it is in compliance with the applicable EHR meaningful use requirements. During 2014, Navicent Health attested to meeting the requirements for Medicare and Medicaid EHR stage 2. Accordingly, Navicent Health recognized approximately \$4,343,000 in other revenue for amounts from Medicare and Medicaid in the consolidated statement of operations for the year ended September 30, 2014.

During September 30, 2013, Navicent Health recognized approximately \$5,175,000 from Medicare and Medicaid in the consolidated statement of operations for attesting to meeting the requirements under Medicare and Medicaid EHR stage 1.

#### 4 Investments

Investments are summarized as follows

	<u>2014</u>	<u>2013</u>
Short-term investments		
Money market fund	\$ 23,497	\$ 23,463
Equity securities	277,979	337,683
Alternative investments	276,922	191,738
Asset backed securities	63,054	55,466
U S Treasury obligations and other government backed securities	82,653	71,044
Corporate bonds	<u>22,631</u>	<u>22,643</u>
	\$ <u>746,736</u>	\$ <u>702,037</u>
Long-term alternative investments	\$ <u>25,521</u>	\$ <u>14,642</u>

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, the possibility is reasonable that changes in the values of investment securities will occur in the near term and that these changes could materially affect the amounts reported in the consolidated balance sheets.

Navicent Health invests in alternative investments that are defined as venture capital, international and domestic private equity investments, and absolute return (hedge) funds. Long-term investments are alternative investment funds, primarily comprised of real estate funds that require seven to ten year fund terms before the investments can be liquidated.

The recorded market price for alternative investments is estimated by the individual investment manager taking into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent transactions involving the securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio.

Valuations provided by the general partners and investment managers are evaluated by management through accounting and financial reporting processes to review and monitor existence and valuation assertions. Due to the inherent uncertainty of valuation of the alternative investments, the fair values estimated by the individual investment manager, in the absence of readily ascertainable market values, may not necessarily represent the amounts that could be realized from sales or other dispositions of investments, and the differences may be material.

Investment income for assets limited as to use and short-term investments for the years ended September 30 includes

	<u>2014</u>	<u>2013</u>
Investment income		
Interest and dividends	\$ 14,287	\$ 14,932
Net realized gains (losses)		
OTTI loss previously recognized	-	811
Realized gains	<u>55,943</u>	<u>24,491</u>
	<u>55,943</u>	<u>25,302</u>
	\$ <u>70,230</u>	\$ <u>40,234</u>
Other changes in unrestricted net assets		
Unrealized gains (losses) on investments, other than trading securities	\$ <u>(7,360)</u>	\$ <u>32,675</u>

## 5 Assets Limited as to Use

The composition of assets limited as to use stated at fair value is set forth in the following table

	<u>2014</u>	<u>2013</u>
Self-insurance reserve fund (held primarily by CPI)		
Cash and cash equivalents	\$ 6,005	\$ 9,777
Corporate bonds	26,995	19,572
U S government securities	8,108	13,242
U S mortgage and asset backed securities	17,972	17,612
Equity securities	21,285	21,366
Other	<u>11,269</u>	<u>11,562</u>
	91,634	93,131
Medcen		
Cash and cash equivalents	390	92
Money market funds	3,543	2,335
U S government securities	5,779	4,772
U S corporate bonds	5,321	5,190
Mortgage backed securities	2,228	2,176
Mutual funds	12,973	12,373
Equity securities	28,332	30,666
Private equities	<u>31,998</u>	<u>23,449</u>
	90,564	81,053
Reservation deposits, held under escrow agreement		
Cash and cash equivalents	1,234	515
Designated by Board		
Other	<u>13,663</u>	<u>12,356</u>
	\$ <u>197,095</u>	\$ <u>187,055</u>

## 6 Property and Equipment

Property and equipment consisted of the following at September 30

	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 30.618	\$ 30.267
Buildings and improvements	419.405	423.628
Parking deck	46.473	46.473
Movable equipment	329.534	324.442
Fixed equipment	<u>101.700</u>	<u>101.043</u>
	927.730	925.853
Less accumulated depreciation	<u>574.725</u>	<u>540.335</u>
	353.005	385.518
Construction-in-progress	<u>44.176</u>	<u>21.429</u>
	\$ <u>397,181</u>	\$ <u>406,947</u>

Depreciation expense for the years ended September 30, 2014 and 2013 amounted to approximately \$43,291,000 and \$42,115,000, respectively

## 7 Asset Retirement Obligations

The fair value of a liability for a conditional asset retirement obligation is recognized in the period in which it occurred if a reasonable estimate of fair value can be made. Navicent Health has determined that conditional legal obligations exist for its facilities related primarily to asbestos materials. Navicent Health has recorded a liability of approximately \$1,686,000 and \$3,536,000 for the estimated present value for the conditional asset retirement obligation at September 30, 2014 and 2013, respectively. The discount rate used to calculate the present value of the obligation was 4.0% at September 30, 2014 and 2013. A related amount is recorded in property and equipment of approximately \$387,000 and \$898,000, representing the remaining un-depreciated cost of the asset retirement obligation at September 30, 2014 and 2013, respectively.

## 8. Long-Term Debt

MCNH, Navicent Health, Medcen, and HSNH comprise the Obligated Group. Navicent Health is a limited obligor in respect to the Series 2000 Revenue Anticipation Certificates. A summary of long-term debt of the Obligated Group at September 30 follows:

	<u>2014</u>	<u>2013</u>
Taxable loan, issued in January 2012, variable interest rate, 1.10% at September 30, 2014, due in varying installments to 2022, collateralized by the gross revenues of the Obligated Group	\$ 28,434	\$ 15,511
Revenue Anticipation Certificates, Series 2012A issued in January 2012, variable interest rate, 0.97% at September 30, 2014, due in varying installments to 2018, collateralized by the gross revenues of the Obligated Group	9,300	13,400
Revenue Anticipation Certificates, Series 2012B issued in January 2012, variable interest rate, 0.97% at September 30, 2014, due in varying installments to 2018, collateralized by the gross revenues of the Obligated Group	17,000	17,000
Revenue Anticipation Certificates, Series 2012C issued in January 2012, variable interest rate, 1.07% at September 30, 2014, due in varying installments to 2028, collateralized by the gross revenues of the Obligated Group	13,900	14,800
Revenue Anticipation Certificates, Series 2012D issued in January 2012, variable interest rate, 0.92% at September 30, 2014, due in varying installments from 2020 to 2040, collateralized by the gross revenues of the Obligated Group	26,170	19,848
Revenue Anticipation Certificates, Series 2009 issued in September 2009, fixed interest rates ranging between 4% and 5%, due in varying installments beginning in 2019 to 2035, collateralized by the gross revenues of the Obligated Group, amount is net of unamortized bond discount of \$49 and \$51, respectively	80,751	80,749
Revenue Anticipation Certificates, Series 2003A variable interest rates, 0.05% at September 30, 2014, due in varying installments to 2028, collateralized by the gross revenues of the Obligated Group	11,860	13,475

Revenue Anticipation Certificates, Series 2000 issued in  
May 2000, variable interest rates, 0.11% at

	<u>2014</u>	<u>2013</u>
September 30, 2014, due in varying installments to 2035, collateralized by the 2000-A Master Note of the Obligated Group	\$ <u>39,650</u> 227,065	\$ <u>40,925</u> 215,708
Less current portion	<u>9,415</u>	<u>7,075</u>
	\$ <u>217,650</u>	\$ <u>208,633</u>

On January 31, 2012, the Authority issued \$48,700,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2012A, Series 2012B, and Series 2012C ("Series 2012 Certificates"). The proceeds of the Series 2012 Certificates were loaned to MCNH for the purpose of refunding Series 1997, Series 1998, and Series 2003B Certificates ("Prior Bonds"), respectively.

In addition, on January 31, 2012, the Authority issued \$30,000,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2012D to finance the construction of the Peach Medical Center hospital facility.

Also on January 31, 2012, MCNH entered a \$30,000,000 taxable loan agreement ("Taxable Loan"), and it was increased to \$50,000,000 during 2013. The proceeds of the Taxable Loan are being used to finance the construction of healthcare facilities, and \$28,434,000 and \$15,511,000 had been drawn down as of September 30, 2014 and 2013, respectively.

In September 2009, the Authority issued \$80,800,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2009 Certificates ("Series 2009 Certificates"). The proceeds of the Series 2009 Certificates were loaned to MCNH to (i) payoff two bank loans totaling \$80,000,000 obtained during 2009 that had been used to redeem the Series 2005 Certificates, and (ii) pay the costs of issuing the Series 2009 Certificates.

MCNH guarantees payment of the 2000, 2003A, 2009, 2012A, 2012B, 2012C, and 2012D Revenue Anticipation Certificates (collectively, the "Certificates") to the Macon-Bibb County Hospital Authority in the form of a lease and transfer agreement. The Master Trust Indenture (the "Indenture") for the Certificates was amended to include all members of the Obligated Group under the provisions of the Agreement. To secure prompt payment of principal and interest on the Certificates and secure performance of its obligation, the Obligated Group granted a security interest in its gross revenues (as more fully defined in the Indenture) and in all its property. The Obligated Group is subject to certain covenants, including limitations on additional indebtedness, transfers of assets, maintenance of certain amounts of insurance, and certain other financial covenants under the terms of the Indenture.



The Series 2000 and 2003A letter of credit expires on January 1, 2016, and the amounts are summarized as follows

	<u>Unused Letter of Credit Amount</u>
Series 2000	\$ 39.650
Series 2003A	\$ 12.018

Interest paid in 2014 and 2013 totaled approximately \$7.354.000 and \$7.222.000, respectively

Principal maturities of long-term debt are as follows

Years ending September 30

2015	\$ 9.415
2016	9.570
2017	9.915
2018	10.365
2019	5.645
Thereafter	<u>182.155</u>
	\$ <u>227.065</u>

9 **Interest Rate Swaps**

On October 1, 2001, Carlyle Place entered into an interest rate swap agreement in relation to \$23,000,000 of its Revenue Anticipation Bonds, Series 2000. This interest rate swap agreement, which expires on September 1, 2021, requires Carlyle Place to make fixed-rate interest payments of 4.1% on a monthly basis in return for receiving a monthly variable-rate interest payment. As of September 30, 2014, the floating interest rate, which is based on 67% of LIBOR, was 0.11%. The fair value of Carlyle Place's interest swap liability was approximately \$1,840,000 and \$2,227,000 at September 30, 2014 and 2013, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets. The fair value of the interest rate swap increased approximately \$387,000 and \$872,000 for the years ended September 30, 2014 and 2013, respectively.

MCNH has an interest rate swap agreement ("interest rate swap") relating to a portion of the \$52,000,000 Series 2005 Revenue Anticipation Bonds ("2005 Series"). Although the 2005 Series was refinanced during 2009, the interest rate swap agreement remains intact. The interest rate swap, which expires on August 1, 2035, requires MCNH to make fixed-rate interest payments of 3.1% on a monthly basis in return for receiving a monthly variable-rate interest payment equal to 67% of LIBOR, which was 0.10% at September 30, 2014. The fair value of MCNH's interest swap was a liability of approximately \$8,259,000 and \$6,830,000 at September 30, 2014 and 2013, respectively. These amounts are included in other long-term liabilities in the accompanying consolidated balance sheets. The fair value of the interest rate swap decreased approximately \$1,429,000 and increased approximately \$5,674,000 for the years ended September 30, 2014 and 2013, respectively.

# 10 Entrance Fees

Nonrefundable and refundable entrance fees are summarized as follows

	<u>2014</u>	<u>2013</u> (As restated)
Nonrefundable entrance fees	\$ 24,099	\$ 22,862
Accumulated amortization	<u>13,539</u>	<u>14,030</u>
	<u>\$ 10,560</u>	<u>\$ 8,832</u>
Refundable entrance fee liability	<u>\$ 30,438</u>	<u>\$ 30,878</u>

Amortization of the nonrefundable entrance fees was approximately \$1,017,000 and \$1,925,000 for the years ended September 30, 2014 and 2013, respectively

# 11 Postretirement Benefit Plans

**Defined Benefit Pension Plan** – Navicent Health has a noncontributory defined benefit pension plan (“pension plan”) covering substantially all employees of Navicent Health. The benefits are based on years of service and the employee’s highest compensation during three of the employee’s last ten years of service. Navicent Health’s funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus any additional amounts Navicent Health may determine to be appropriate.

The Board of Directors of Navicent Health (the “Board”) approved a redesign of the pension plan that was effective on January 1, 2008. The changes included freezing the plan as of December 31, 2007, with the plan closed to any new participants and all participants at December 31, 2007 remaining in the plan. Plan participants under the age of 40 on January 1, 2008 no longer accumulate benefits. During 2013, the Board approved an amendment to freeze the pension plan as of December 31, 2013, such that future benefits are no longer accrued for all employees after that date. The effect of this change is reflected below as a curtailment gain of \$21,584,000 during 2013.

**Defined Benefit Health Care Plan** – Navicent Health sponsors a defined benefit health care plan (“health plan”) that provides postretirement medical benefits to full-time employees who have worked 15 years and attained age 55 while in service with Navicent Health. The plan is contributory with retiree contributions adjusted annually, and it contains other cost-sharing features such as deductibles and coinsurance. Navicent Health’s policy is to fund the cost of medical benefits in amounts determined at the discretion of management.

The funded status of the pension plan and health plan is measured as the difference between the fair value of the plans’ assets and the projected benefit obligation of the plans.

The following tables present a reconciliation of the beginning and ending balances of the plans' projected benefit obligation, the fair value of plan assets, and the funded status of the plans

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Projected benefit obligation, beginning of year	\$ 317,744	\$ 342,479	\$ 32,180	\$ 34,706
Change in benefit obligation				
Service cost	-	10,596	1,115	1,164
Interest cost	16,446	15,250	1,449	1,251
Actuarial (gain) loss	35,848	(19,968)	3,226	(1,876)
Benefits paid	(9,791)	(9,029)	(1,973)	(3,065)
Change in plan provisions	<u>-</u>	<u>(21,584)</u>	<u>-</u>	<u>-</u>
Projected benefit obligation, end of year	\$ <u>360,247</u>	\$ <u>317,744</u>	\$ <u>35,997</u>	\$ <u>32,180</u>
	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fair value of plan assets, beginning of year	\$ 270,176	\$ 218,822	\$ -	\$ -
Change in plan assets				
Actual return on plan assets	19,852	30,383	-	-
Contributions of plan sponsor	28,000	30,000	1,973	3,065
Contributions of plan participants	-	-	373	388
Benefits paid	<u>(9,791)</u>	<u>(9,029)</u>	<u>(2,346)</u>	<u>(3,453)</u>
Fair value of plan assets, end of year	\$ <u>308,237</u>	\$ <u>270,176</u>	\$ <u>-</u>	\$ <u>-</u>
Unfunded status at end of year	\$ <u>(52,010)</u>	\$ <u>(47,568)</u>	\$ <u>(35,997)</u>	\$ <u>(32,180)</u>

Amounts recognized on the consolidated balance sheets at September 30, 2014 and 2013, are as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Other current liabilities	\$ -	\$ -	\$ 2,223	\$ 1,943
Other long-term liabilities	-	-	33,774	30,237
Accrued pension plan liability	<u>52,010</u>	<u>47,568</u>	<u>-</u>	<u>-</u>
	<u>\$ 52,010</u>	<u>\$ 47,568</u>	<u>\$ 35,997</u>	<u>\$ 32,180</u>

Included in unrestricted net assets at September 30, 2014 and 2013, are the following amounts that have not yet been recognized in the net periodic pension and postretirement benefit cost

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unrecognized prior service cost (credit)	\$ -	\$ -	\$ 14	\$ (22)
Unrecognized actuarial loss	<u>109,331</u>	<u>75,633</u>	<u>10,851</u>	<u>8,037</u>
	<u>\$ 109,331</u>	<u>\$ 75,633</u>	<u>\$ 10,865</u>	<u>\$ 8,015</u>

Changes recognized in unrestricted net assets for the years ended September 30, 2014 and 2013, are as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Prior service credit	\$ -	\$ -	\$ -	\$ -
Net actuarial (gain) loss	35,362	(34,638)	3,226	(1,876)
Curtailment gain	-	(21,584)	-	-
Amortization of prior service costs	-	-	36	36
Amortization of actuarial loss	<u>(1,664)</u>	<u>(13,935)</u>	<u>(412)</u>	<u>(589)</u>
	<u>\$ 33,698</u>	<u>\$ (70,157)</u>	<u>\$ 2,850</u>	<u>\$ (2,429)</u>

The estimated prior service cost and net gain to be recognized in net periodic pension expense and net periodic postretirement cost during the next fiscal year are as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Prior service credit	\$ -	\$ -	\$ (36)	\$ (36)
Actuarial loss	2,486	1,665	632	412

A summary of the components of net periodic benefit cost at September 30, 2014 and 2013 is as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Service cost	\$ -	\$ 10,596	\$ 1,115	\$ 1,164
Interest cost	16,446	15,250	1,449	1,251
Expected return on plan assets	(19,366)	(15,713)	-	-
Amortization of unrecognized prior service cost (credit)	-	-	(36)	(36)
Amortization of net loss	<u>1,664</u>	<u>13,935</u>	<u>412</u>	<u>589</u>
	<u>\$ (1,256)</u>	<u>\$ 24,068</u>	<u>\$ 2,940</u>	<u>\$ 2,968</u>

Assumptions used in determining the actuarial present value of the projected benefit obligations as of September 30, 2014 and 2013, are as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Weighted-average discount rate	4.63%	5.26%	4.08%	4.64%
Rate of increase in compensation levels	-	3.00%	-	-

Assumptions used in determining the net periodic benefit cost for the years ended September 30, 2014 and 2013 are as follows

	Defined Benefit Pension Plan		Defined Benefit Health Care Plan	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Weighted-average discount rate	5.26%	4.51%	4.64%	3.72%
Rate of increase in compensation levels	3.00%	3.00%	-	-
Expected long-term rate of return on assets	7.25%	7.25%	-	-

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 7.6% for 2014, decreasing annually to 5.0% in 2022. The health care cost trend rate assumption has an effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the

accumulated postretirement benefit obligation as of September 30, 2014, by approximately \$2,743,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 2014 by approximately \$320,000

Navicent Health uses fair market value as the market-related value of assets in calculating the expected return on the plan assets component of net periodic pension expense and net periodic postretirement benefit for the years ended September 30, 2014 and 2013

During 2015, Navicent Health expects to contribute approximately \$8,000,000 and \$2,223,000, respectively, to its defined benefit pension plan and health care plan

Benefits expected to be paid in each of the next five fiscal years and thereafter are estimated as follows

	<u>Defined Benefit Pension Plan</u>	<u>Defined Benefit Health Care Plan</u>
Years ending September 30		
2015	\$ 11,591	\$ 2,223
2016	12,601	2,352
2017	13,591	2,395
2018	14,583	2,445
2019	15,604	2,559
2020-2024	92,936	14,827

The target allocation for the pension plan is as follows as of September 30, 2014 and 2013

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equity securities	28%	50%	73%
Debt securities	15%	35%	55%
Alternative investments	5%	15%	28%

To develop the expected long-term rate of return on assets assumptions, Navicent Health considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio

The Plan investment strategy is focused on matching the emerging long-term needs of the retirement plan with the proven, long-term performance patterns of the various investment markets. The Plan's investments represent the opportunity to reduce Navicent Health's cost of funding plan benefits, provide a funding resource for possible future enhancement of plan benefits, and insulate the Plan's assets against deterioration of purchasing power caused by inflation.

The target allocation of all assets is to reflect proper diversification in order to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio. In an effort to maintain the overall risk level of the portfolio within an acceptable range, the relative mix of asset classes will be rebalanced back toward the target allocations as opportunities permit, but in any event not less often than annually. Navicent Health utilizes an outside investment consultant to implement its investment strategy.

12 **Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes. As of September 30, 2014 and 2013, deferred income taxes have no net carrying value. As of September 30, 2014 and 2013, Navicent Health had deferred tax assets of approximately \$4,500,000 and \$4,900,000, respectively, relating principally to net operating loss carryovers. As of September 30, 2014 and 2013, such deferred tax assets were offset by a valuation allowance of an equal amount.

Federal net operating loss carryovers for HVNH totaled approximately \$11,900,000 at September 30, 2014, and will expire between 2017 and 2030.

13 **Commitments and Contingencies**

**Litigation** – Navicent Health is involved in litigation arising in the ordinary course of business.

In August 2008, the U.S. Department of Health and Human Services, Office of Inspector General (“OIG”) issued a subpoena (the “Short-Stay Matter”) to MCNH requesting documents concerning Medicare reimbursement for zero- and one-day stays, three-day inpatient admissions, where the patient was discharged directly to a skilled nursing facility, and billing of evaluation and medical services. In April 2009, a second subpoena was received related to the Short-Stay Matter requesting certain medical records. MCNH has provided the documents and other information requested. During 2014, MCNH reached an agreement with the OIG related to the short-stay matter. MCNH has agreed to pay \$20,000,000 and has recorded a liability as of September 30, 2014 in this amount in other current liabilities and a loss on settlements during 2014.

In September 2010, MCNH received a letter from the OIG making the hospital aware that it was conducting an investigation to determine whether or not certain hospitals have submitted claims for payment for the implantation of implantable cardioverter defibrillators (“ICD’s”) which were not medically indicated and/or otherwise violated Medicare payment policy. During 2014, MCNH reached an agreement with the OIG related to the ICD matter. MCNH has agreed to pay \$1,600,000 and has recorded a liability as of September 30, 2014 in this amount in other current liabilities and a loss on settlements during 2014.

Regarding both of these settlements, the Medical Center denies any wrongdoing and disputes the OIG’s contentions, and disagrees with the OIG’s interpretation of the rules in question. However, the Medical Center agreed to settle the cases in order to avoid costly and further litigation. In addition, under the settlement agreements, management has agreed to enter a corporate integrity agreement, the terms of which are currently being negotiated.

**General and Professional Liability Insurance** - Navicent Health is currently insured for commercial general liability on an occurrence basis and professional liability on a claims-made basis by Centra Professional Indemnity, Ltd. (“CPI”), a wholly-owned subsidiary of Navicent Health, and excess coverage by commercial insurance carriers through CPI. The excess coverage limits are \$40,000,000 and \$50,000,000 for 2014 and 2013, respectively. The coverage for professional liability is limited to claims incurred and reported during its term. Actuarially determined funding is provided for losses.

For all claims prior to October 1, 2002, the policy had a limit of \$2 million per occurrence and \$6 million in aggregate. For all claims between October 1, 2002 and September 30, 2004, the policy

had a limit of \$4 million per occurrence and \$12 million in aggregate, and for all claims between October 1, 2004 and September 30, 2006, the policy had a limit of \$4 million per occurrence and \$14 million in aggregate. Effective October 1, 2006, the policy has a limit of \$4 million per occurrence and \$20 million in aggregate.

CPI also insures Navicent Health on an occurrence basis for workers' compensation insurance, which has a limit of \$500,000 per occurrence, with no aggregate limit per year. Beginning April 1, 2011, CPI began insuring Navicent Health for equipment maintenance and repairs with limits of liability of \$2,500,000 per claim and annual aggregate.

During 2014 and 2013, Navicent Health paid premiums of approximately \$10,000,000 to CPI each year for these coverages. These premiums have been properly eliminated from consolidated statements of operations. The reserve for self-insured losses totaled approximately \$45,713,000 and \$45,339,000 at September 30, 2014 and 2013, respectively, and are comprised of reported loss reserves and incurred but not reported loss reserves.

**Employee Group Health Insurance** – Navicent Health is self-insured for its employee group health insurance. Navicent Health has estimated and recorded accruals for claims incurred, but not reported or paid prior to the fiscal year-end.

**Property and Equipment** – Navicent Health has commitments for purchases of property and equipment of approximately \$54,000,000 at September 30, 2014.

#### 14 **Temporarily Restricted Net Assets**

Temporarily restricted net assets as of September 30 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Promises for future years	\$ 3,230	\$ 914
Program grants		
Pathology development	8,931	8,150
Children's Hospital	19,846	17,162
Regional health education center	1,383	1,261
Research and education	7,451	6,900
HEAT Trust	5,265	4,439
Community grants	10,072	9,347
Hospice inpatient facility	3,240	3,748
Emergency center	2,424	2,212
Georgia Heart Center	13,328	12,161
Critical care center	1,963	1,782
Cancer research	3,206	-
Other grants	<u>4,341</u>	<u>5,235</u>
	<u>\$ 84,680</u>	<u>\$ 73,311</u>



## 15 Concentrations of Credit Risk

Navicent Health grants credit to patients, substantially all of whom reside in central Georgia. Navicent Health generally does not require collateral or other security in extending credit to patients, however, they routinely obtain assignment of (or are otherwise entitled to receive) patients' benefits payable under their health programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, and other preferred provider arrangements and commercial insurance policies). Revenue from the Medicare and Medicaid programs accounted for approximately 50% and 46% of Navicent Health's net patient revenue for the years ended September 30, 2014 and 2013, respectively.

The mix of receivables from patients and third-party payors at September 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Medicare	32%	32%
Medicaid	14	13
Blue Cross	14	14
Other third-party payors	27	30
Patients	<u>13</u>	<u>11</u>
	<u>100%</u>	<u>100%</u>

Navicent Health recognizes that revenues and receivables from government agencies are significant to its operations, but it does not believe that there are any significant credit risks associated with these government agencies.

## 16 Functional Expenses

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

## 17 Fair Value of Financial Instruments

The following methods and assumptions were used by Navicent Health in estimating the fair value of its financial instruments:

*Cash and cash equivalents* The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate their fair value.

*Investments* Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, estimated using quoted market prices for similar securities, or estimated using pricing models, discounted cash flow methodologies, or similar techniques.

*Patient accounts receivable* The carrying amounts reported in the consolidated balance sheets for patient accounts receivable approximate their fair values.

*Due to or from related parties* The carrying amounts reported in the consolidated balance sheets for due to or from related parties approximate their fair values

*Assets limited as to use* Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

*Accounts payable and accrued expenses* The carrying amounts reported in the consolidated balance sheets for accounts payable and accrued expenses approximate their fair value

*Accrued compensation and withholdings* The carrying amounts reported in the consolidated balance sheets for accrued compensation and withholdings approximate their fair value

*Estimated third-party payor settlements* The carrying amounts reported in the balance sheets for estimated third-party payor settlements approximate their fair value

*Long-term debt* Fair values of Navicent Health's revenue anticipation certificates are based on current traded value. The fair value of Navicent Health's remaining long-term debt is estimated using discounted cash flow analyses, based on Navicent Health's current incremental borrowing rates for similar types of borrowing arrangements

The carrying amounts and fair values of Navicent Health's long-term debt at September 30 are as follows

	<u>2014</u>		<u>2013</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt	\$ 227,065	\$ 234,046	\$ 215,708	\$ 219,309

*Derivative Financial Instruments* The fair value of the derivative financial instruments are determined from a discounted cash flow model based on projected interest rates during the term of the contract and amounts outstanding on the corresponding long-term debt. In addition, credit risk associated with the counter party (when an asset) or Navicent Health (when a liability) is factored into the fair value model

The following summarizes Navicent Health's assets and (liabilities) by level

	Assets (Liabilities) at Fair Value as of September 30, 2014		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments			
Money market accounts and other	\$ 23,497	\$ -	\$ -
Asset backed			
Auto loan receivable	-	5,453	-
Collateralized mortgage obligation	-	52,696	-
Other asset backed	<u>-</u>	<u>4,905</u>	<u>-</u>
Total asset backed	-	63,054	-
Corporate bonds			
Domestic	-	19,359	-
Foreign	<u>-</u>	<u>3,272</u>	<u>-</u>
Total corporate bonds	-	22,631	-
Government securities			
FHLMC	-	11,726	-
FNMA	-	33,691	-
GNMA	-	10,374	-
Municipal Bonds	-	14,941	-
US Treasuries	<u>-</u>	<u>11,921</u>	<u>-</u>
Total government securities	-	82,653	-

	Assets (Liabilities) at Fair Value as of September 30, 2014, continued		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities			
Mutual Funds	\$ 102,521	\$ -	\$ -
Real estate investment trusts	2,801	-	-
Common stock			
Consumer discretionary	27,793	-	-
Consumer staples	17,170	-	-
Energy	10,886	-	-
Financials	11,525	-	-
Foreign	2,353	-	-
Health care	33,668	-	-
Industrials	22,407	-	-
Information technology	34,337	-	-
Materials	9,359	-	-
Other	<u>3,159</u>	<u>-</u>	<u>-</u>
Total common stocks	<u>172,657</u>	<u>-</u>	<u>-</u>
Total equity securities	277,979	-	-
Alternative investments			
Asset backed securities	-	-	954
Commodities	-	-	73,501
Debt securities	-	6,480	60,738
Equities	-	-	70,895
Multi-category	<u>-</u>	<u>-</u>	<u>64,354</u>
Total alternative investments	<u>-</u>	<u>6,480</u>	<u>270,442</u>
	\$ <u>301,476</u>	\$ <u>174,818</u>	\$ <u>270,442</u>
Long-term investments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>25,521</u>
Included in other long-term liabilities			
Interest rate swap	\$ <u>-</u>	\$ <u>(10,099)</u>	\$ <u>-</u>

Assets (Liabilities) at Fair Value as of September 30, 2014, continued			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Included in assets limited as to use			
Money market funds	\$ 9,548	\$ -	\$ -
Equity securities			
Exchange Traded Funds	9,577	-	-
Mutual Funds	12,973	2,699	-
Common stocks			
Consumer discretionary, staples	6,562	-	-
Information technology	5,337	-	-
Materials and industrials	4,527	-	-
Health care	4,646	-	-
Financials	3,053	-	-
Energy	842	-	-
Foreign	<u>2,262</u>	<u>-</u>	<u>-</u>
Total common stocks	27,229	-	-
Other equity securities	<u>10,112</u>	<u>-</u>	<u>-</u>
Total equity securities	59,891	2,699	-
Corporate bonds	-	32,316	-
Government securities			
U S Treasury securities	7,530	-	-
U S Federal Agency securities	-	5,241	-
Municipal bonds	<u>-</u>	<u>1,116</u>	<u>-</u>
Total government securities	7,530	6,357	-
Mortgage-backed and asset backed securities	-	20,200	-
Alternative investments	<u>-</u>	<u>8,824</u>	<u>23,174</u>
	\$ <u>76,969</u>	\$ <u>70,396</u>	\$ <u>23,174</u>

Amounts included in assets limited as to use that are not subject to the fair value disclosure in the table above amounted to \$26,556,000 at September 30, 2014

Assets (Liabilities) at Fair Value as of September 30, 2013			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments			
Money market accounts and other	\$ 23,463	\$ -	\$ -
Asset backed			
Auto loan receivable	-	6,053	-
Collateralized mortgage obligation	-	43,188	-
Other	-	6,225	-
Total other asset backed	-	55,466	-
Corporate bonds			
Domestic	-	20,175	-
Foreign	-	2,468	-
Total corporate bonds	-	22,643	-
Government securities			
FHLMC	-	11,346	-
FNMA	-	31,280	-
GNMA	-	10,122	-
US Treasuries	-	4,540	-
Total government securities	-	13,756	-
	-	71,044	-

Assets (Liabilities) at Fair Value as of September 30, 2013, continued			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities			
Mutual Funds	\$ 75,238	\$ 14,407	\$ -
Real estate investment trusts	3,099	-	-
Common stock			
Consumer discretionary	30,843	-	-
Consumer staples	34,662	-	-
Energy	16,405	-	-
Financials	31,286	-	-
Foreign	3,166	-	-
Health care	28,672	-	-
Industrials	30,689	-	-
Information technology	43,978	-	-
Materials	16,575	-	-
Other	<u>8,663</u>	<u>-</u>	<u>-</u>
Total common stocks	<u>244,939</u>	<u>-</u>	<u>-</u>
Total equity securities	323,276	14,407	-
Alternative investments			
Asset backed securities	-	-	440
Commodities	-	-	67,431
Debt securities	-	5,879	49,145
Equities	-	-	34,853
Multi-category	<u>-</u>	<u>-</u>	<u>33,990</u>
Total alternative investments	<u>-</u>	<u>5,879</u>	<u>185,859</u>
	<u>\$ 346,739</u>	<u>\$ 169,439</u>	<u>\$ 185,859</u>
Long-term investments	<u>\$ -</u>	<u>\$ 1,229</u>	<u>\$ 13,413</u>
Included in other long-term liabilities			
Interest rate swap	<u>\$ -</u>	<u>\$ (9,057)</u>	<u>\$ -</u>

Assets (Liabilities) at Fair Value as of September 30, 2013, continued			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Included in assets limited as to use			
Money market funds	\$ 12.112	\$ -	\$ -
Equity securities			
Exchange Traded Funds	9.487	-	-
Mutual funds	12.373	2.584	-
Common stocks			
Consumer discretionary, staples	7.934	-	-
Information technology	5.267	-	-
Materials and industrials	5.140	-	-
Health care	3.809	-	-
Financials	4.346	-	-
Energy	1.690	-	-
Foreign	<u>1.468</u>	<u>-</u>	<u>-</u>
Total common stocks	29.654	-	-
Other equity securities	<u>10.307</u>	<u>-</u>	<u>-</u>
Total equity securities	61.821	2.584	-
U S corporate bonds	-	24.762	-
Government securities			
U S Treasury securities	12.641	-	-
U S Federal Agency securities	-	4.519	-
Total government securities	<u>-</u>	<u>854</u>	<u>-</u>
	12.641	5.373	-
Mortgage-backed and asset backed securities	-	19.788	-
Alternative investments	<u>-</u>	<u>6.804</u>	<u>16.645</u>
	\$ <u>86,574</u>	\$ <u>59,311</u>	\$ <u>16,645</u>

Amounts included in assets limited as to use that are not subject to the fair value disclosure in the table above amounted to \$24,525,000 at September 30, 2013



Fair values of the pension plan investments are summarized as follows

	Pension Assets at Fair Value as of September 30, 2014		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 15,687	\$ -	\$ -
Equity mutual funds	46,220	-	-
U S government securities			
U S treasuries	11,400	-	-
Municipal obligations	-	3,016	-
GNMA, FNMA, FHLMC pools	-	17,243	-
Government collateralized mortgage and asset backed	-	4,635	-
Total U S government securities	11,400	24,894	-
Corporate bonds			
Domestic	19,386	-	-
Foreign	3,796	-	-
Total corporate obligations	23,182	-	-
Common stocks			
Domestic	95,684	-	-
Foreign	10,680	-	-
Total common stocks	106,364	-	-
Other funds			
Mortgage and asset back securities	-	10,688	-
Real estate investment trusts	2,308	-	-
Exchange traded funds	-	-	-
Total other funds	2,308	10,688	-
Alternative investments			
Debt securities	-	-	28,184
Equities	-	-	14,100
Real estate	-	-	3,548
Multi-category	-	-	16,536
Commodities	-	-	1,310
Asset backed	-	-	3,816
Total alternative investments	-	-	67,494
	\$ <u>205,161</u>	\$ <u>35,582</u>	\$ <u>67,494</u>

	Pension Assets at Fair Value as of September 30, 2013		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 41,941	\$ -	\$ -
Equity mutual funds	41,708	-	-
U S government securities			
U S treasuries	3,362	-	-
Municipal obligations	-	1,153	-
GNMA, FNMA, FHLMC pools	-	13,438	-
Government collateralized mortgage and asset backed	-	4,204	-
Total U S government securities	3,362	18,795	-
Corporate bonds			
Domestic	15,424	-	-
Foreign	2,828	-	-
Total corporate obligations	18,252	-	-
Common stocks			
Domestic	85,173	-	-
Foreign	5,500	-	-
Total common stocks	90,673	-	-
Other funds			
Mortgage and asset back securities	-	8,998	-
Real estate investment trusts	2,569	-	-
Exchange traded funds	272	-	-
Total other funds	2,841	8,998	-
Alternative investments			
Debt securities	-	-	15,814
Equities	-	-	10,502
Real estate	-	-	3,469
Multi-category	-	357	10,619
Commodities	-	-	1,084
Asset backed	-	-	1,761
Total alternative investments	-	357	43,249
	\$ <u>198,777</u>	\$ <u>28,150</u>	\$ <u>43,249</u>

The table below sets forth a summary of changes in the fair value of Navicent Health's level 3 financial assets for the years ended September 30, 2014 and 2013

	Short and Long-term <u>Investments</u>	Assets Limited <u>as to Use</u>	Pension Plan <u>Investments</u>
Balance at September 30, 2012	\$ 184,576	\$ 21,176	\$ 42,673
Transfer from level 3 to level 2	-	(5,564)	-
Gain on market value	2,185	1,104	2,463
Sales	(11,191)	(2,142)	(1,887)
Purchases	<u>23,702</u>	<u>2,071</u>	<u>-</u>
Balance at September 30, 2013	199,272	16,645	43,249
Transfer from level 2 to level 3	1,229	139	357
Gain on market value	9,475	1,771	3,043
Sales	(27,772)	(747)	20,845
Purchases	<u>113,759</u>	<u>5,366</u>	<u>-</u>
Balance at September 30, 2014	\$ <u>295,963</u>	\$ <u>23,174</u>	\$ <u>67,494</u>

**Capital Commitments** – Navicent Health has future capital commitment requirements to invest additional amounts in certain level 3 investments. At September 30, 2014, the outstanding commitments totaled approximately \$27,000,000.

## 18 **Equity Investments**

**Central Georgia Health Network, LLC** - Central Georgia Health Network, LLC was incorporated on October 25, 1996, for the purpose of participating in contracts with preferred provider organizations, health maintenance organizations or other alternative health care delivery systems. MCNH owns 29% of the common stock in Central Georgia Health Network, Inc. and accounts for this investment under the equity method of accounting. The investment amounted to approximately \$68,000 and \$75,000 at September 30, 2014 and 2013, respectively.

**Central Georgia MRI, LLC** - Central Georgia MRI, LLC ("CG MRI") was incorporated on October 2, 2000, as a joint venture with Radiology Associates to share the cost of an MRI laboratory. CG MRI became operational on September 16, 2002. HVNH provided 50% of the capital in CG MRI and records the investment under the equity method of accounting. The investment amounted to approximately \$363,000 and \$411,000 at September 30, 2014 and 2013, respectively.

**Georgia Magnetic Imaging Center, Ltd.** - Georgia Magnetic Imaging Center, Ltd. ("GMIC") was incorporated on March 22, 1985 to own and operate certain medical equipment. HVNH purchased a 49.5% ownership interest in GMIC on December 31, 2002 for \$1,181,000 and records the investment on the equity method of accounting. The investment amounted to approximately \$1,238,000 and \$1,226,000 at September 30, 2014 and 2013, respectively.

## 19 Prior Period Adjustments from Change in Accounting Principle

Due to the implementation of new accounting guidance discussed in Note 2, Navicent Health has retrospectively restated deferred revenue and net assets from amounts previously reported as of and for the year ended September 30, 2013, as summarized in the following table

	2013 as previously reported	Adjustment	2013 as restated
<b>Balance sheet:</b>			
Refunds payable	\$ -	\$ 30.878	\$ 30.878
Deferred revenue	34,490	(25,658)	8,832
Net assets	1,077,848	(5,220)	1,072,628
<b>Statement of revenues, expenses and changes in net position:</b>			
Other revenue	\$ 45,094	\$ (535)	\$ 44,559
Increase in net assets	158,316	(535)	157,781
Net assets, September 30, 2012	919,532	(4,685)	914,847
Net assets, September 30, 2013	1,077,848	(5,220)	1,072,628

## 20 Management Services Agreements

During the year ended September 30, 2014, Navicent Health entered into management services agreement with the Hospital Authority of Putnam County ("HAPC") Under this agreement, Navicent Health is to provide quarterly consulting reports to HAPC Navicent Health also provides a credit facility agreement in the amount of \$2,000,000 with interest on drawn amounts at 6% per annum As of September 30, 2014, HAPC had drawn \$300,000 on the credit facility HAPC is also required to pay a quarterly management service fee of \$125,000 with the first payment being deferred until 2016

Also, subsequent to September 30, 2014, Navicent Health entered a management services agreement with Oconee Regional Health Systems, Inc ("ORHS") The management agreement was signed during October 2014 In January 2015, ORHS and Navicent Health entered into a credit facility agreement in the amount of \$5,000,000 In addition, Navicent Health and ORHS entered a guarantee agreement, whereby Navicent Health agreed to guaranty the regularly scheduled payments of principal and interest on the outstanding Baldwin County Hospital Authority Revenue Bonds Series 1998 ORHS is required to pay a guaranty fee based on a percent of the outstanding bonds as well as a management service fee based on a percent of total revenue

## Supplemental Information

**Independent Auditors' Report on Supplemental Information**

The Board of Directors  
Navicent Health, Inc. and Affiliates  
Macon, Georgia

We have audited the consolidated financial statements of Navicent Health, Inc. and Affiliates as of and for the year ended September 30, 2014, and our report thereon dated January 29, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
January 29, 2015

## September 30, 2014

See accompanying Independent Auditors' Report on Supplemental Information

# NAVICENT HEALTH, INC. AND AFFILIATES

Consolidating Balance Sheet (dollars in thousands), continued

September 30, 2014

				MedCen Community Health Foundation, Inc. d/b/a Medical Center of Central Georgia, Inc. d/b/a The Navicent Health, Inc					Central Georgia Rehabilitation Hospital, LLC d/b/a Navicent Health	Medical Center of Peach County, Inc. d/b/a The Medical Center of Peach County, Indemnity, LLC														
				Navicent Health, Inc	Medical Center, Navicent Health	Foundation, Navicent Health	Place, Navicent Health	Services, Navicent Health	Ventures, Navicent Health	Hospital, Navicent Health	County, Navicent Health	Professional Indemnity, Ltd	Secure Health Plans of Georgia, LLC	Eliminations	Consolidated									
<b>Liabilities, net assets and stockholder's equity</b>																								
Current liabilities																								
Accounts payable and accrued expenses	\$	676	\$	27,641	\$	2	\$	405	\$	1,100	\$	51	\$	387	\$	1,415	\$	153	\$	140	\$	(686)	\$	31,284
Accrued compensation and withholdings		546		33,129		-		-		-		26		-		488		-		592		-		34,781
Current portion of long-term debt		-		8,100		-		1,315		-		-		-		-		-		-		-		9,415
Entrance fee deposits and refunds payable		-		-		-		455		-		-		-		-		-		-		-		455
Estimated third-party settlements		-		-		-		-		-		6		-		556		-		-		-		562
Other current liabilities		1,643		35,081		66		83		2		84		751		52		-		-		-		37,762
Total current liabilities		2,865		103,951		68		2,175		1,183		79		477		2,459		904		784		(686)		114,259
Long-term debt, excluding current portion		-		179,315		-		38,335		-		-		-		-		-		-		-		217,650
Reserve for self-insured losses		-		-		-		-		-		-		-		-		45,713		-		-		45,713
Accrued pension benefit liability		-		52,010		-		-		-		-		-		-		-		-		-		52,010
Deferred revenues from entrance fees		-		-		-		10,560		-		-		-		-		-		-		-		10,560
Refunds payable		-		-		-		30,438		-		-		-		-		-		-		-		30,438
Other long-term liabilities		11,518		42,125		-		1,840		33		1,068		-		-		-		266		-		56,850
Asset retirement obligation		-		1,686		-		-		-		-		-		-		-		-		-		1,686
Total liabilities		14,383		379,087		68		83,348		1,216		1,147		477		2,459		46,617		1,050		(686)		529,166
Net assets																								
Unrestricted net assets		29,197		924,799		9,165		18,991		4,898		-		20,271		(5,892)		-		-		28,116		1,029,545
Temporarily restricted		-		-		84,680		-		-		-		-		-		-		-		-		84,680
Noncontrolling interest in subsidiary		-		450		-		-		-		-		-		-		-		-		4,275		4,725
Total net assets		29,197		925,249		93,845		18,991		4,898		-		20,271		(5,892)		-		-		32,391		1,118,950
Stockholder's equity																								
Common stock		-		-		-		-		-		-		-		-		17		4,053		(4,070)		-
Paid-in-capital		-		-		-		-		-		25,895		-		-		1,653		-		(27,548)		-
(Accumulated deficit) retained earnings		-		-		-		-		-		(22,107)		-		-		43,347		2,128		(23,368)		-
Total liabilities, net assets																								
and stockholder's equity	\$	43,580	\$	1,304,336	\$	93,913	\$	102,339	\$	6,114	\$	4,935	\$	20,748	\$	(3,433)	\$	91,634	\$	7,231	\$	(23,281)	\$	1,648,116

See accompanying Independent Auditors' Report on Supplemental Information



# NAVICENT HEALTH, INC. AND AFFILIATES

Consolidating Schedule of Operations and Changes in Net Assets (dollars in thousands)

For the Year Ended September 30, 2014

	MedCent Community Health Foundation, Inc. d/b/a The Medical Center of Central Georgia, Inc.											Central Georgia Rehabilitation Hospital, LLC	Medical Center of Peach County, Inc. d/b/a The Medical Center of Peach County, Professional Indemnity, Ltd.	Secure Health Plans of Georgia, LLC	Eliminations	Consolidated																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
	Navicent Health, Inc.	Medical Center, Navicent Health	Foundation, Navicent Health	Place, Navicent Health	Services, Navicent Health	Ventures, Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navicent Health	Navic

See accompanying Independent Auditors' Report on Supplemental Information.