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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		2010
		Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 01-01-2010 and ending 12-31-2010		
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	C Name of organization HUDSON HOSPITAL INC	D Employer identification number 39-0804125
	Doing Business As	E Telephone number (715) 531-6000
	Number and street (or P O box if mail is not delivered to street address) 405 STAGELINE ROAD	Room/suite
	G Gross receipts \$ 48,298,328	
	City or town, state or country, and ZIP + 4 HUDSON, WI 54016	
	F Name and address of principal officer MARIAN M FURLONG 405 STAGELINE ROAD HUDSON, WI 54016	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW HUDSON NHOSPITAL ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1950
M State of legal domicile WI		

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities SEE SCHEDULE O - EXEMPT PURPOSE AND ACHIEVEMENTS		
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3 Number of voting members of the governing body (Part VI, line 1a)	3	13	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10	
5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	403	
6 Total number of volunteers (estimate if necessary)	6	181	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	0	0
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	45,789,449	47,125,935
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	172,761	136,835
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	901,964	750,000
	46,864,174	48,012,770	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	21,798,199	25,392,047
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	22,165,440	19,920,540
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	43,963,639	45,312,587
	19 Revenue less expenses Subtract line 18 from line 12	2,900,535	2,700,183
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	59,989,870	63,839,334
	21 Total liabilities (Part X, line 26)	29,811,610	30,724,453
	22 Net assets or fund balances Subtract line 21 from line 20	30,178,260	33,114,881

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

Sign Here	▶ Signature of officer		2011-11-10		
			Date		
Paid Preparer Use Only	Print/Type preparer's name CINDI R FULLER	Preparer's signature CINDI R FULLER	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ KPMG LLP				Firm's EIN ▶
	Firm's address ▶ 4200 WELLS FARGO CTR 90 S 7TH STREE MINNEAPOLIS, MN 55402				Phone no ▶ (612) 305-5000

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

Check if Schedule O contains a response to any question in this Part III ☒

CARING FOR THE HEALTH OF OUR COMMUNITY

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a	(Code)	(Expenses \$ 40,337,774	including grants of \$)	(Revenue \$ 47,763,037)
SEE SCHEDULE O - EXEMPT PURPOSE AND ACHIEVEMENTS				

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


















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

4d Other program services (Describe in Schedule O)
(Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4e	Total program service expenses	\$ 40,337,774
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Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6 Yes	
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and 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, questions 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–24d and complete Schedule K. If "No," go to line 25</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	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," 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 a grant selection committee member, or to a person related to such an individual? <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		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	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> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. 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 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance					
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>					
			Yes	No	
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	74		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes		
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	403		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes		
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).					
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a			No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7 Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			No
9 Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10 Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b			
11 Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the amount of reserves on hand.	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b			

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	13	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WI
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 make these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	SHEILA PROEHL - CHIEF FINANCIAL OFFICER 405 STAGELINE ROAD HUDSON, WI 54016 (715) 531-6013

Part VII

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) JOHN CLYMER DIRECTOR - VICE CHAIR	1 00	X						130	0	0
(2) SUSAN GILBERT DIRECTOR	1 00	X						130	0	0
(3) BILL GOLD MD DIRECTOR - CHAIR	1 00	X						130	0	0
(4) DENNIS HARTUNG MD DIRECTOR	1 00	X						130	0	0
(5) KENNETH HEISER DIRECTOR	1 00	X						380	0	0
(6) RUTH MISENKO DIRECTOR	1 00	X						130	0	0
(7) MIKE SELLMAN DIRECTOR	1 00	X						130	0	0
(8) MARK STANNARD MD DIRECTOR	1 00	X						130	0	0
(9) GREG YOUNG MD DIRECTOR	1 00	X						130	0	0
(10) MARIAN M FURLONG DIRECTOR & PRESIDENT	50 00	X		X				130	276,342	51,337
(11) BURKE KEALEY MD DIRECTOR	45 00	X						130	385,356	82,429
(12) BROCK D NELSON DIRECTOR	55 00	X						130	548,780	161,919
(13) SCOTT A SCHNUCKLE DIRECTOR	50 00	X						130	374,523	96,799
(14) J GLASNAPP DIRECTOR	1 00	X						130	0	0
(15) DEBORAH BRISCH-CRAMER VP - CHIEF NURSING OFFICER	50 00			X				169,970	0	22,207
(16) STEVE MUELLERLEILE VP - PLANNING & DEVELOPMENT	40 00			X				205,929	0	13,179

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
(17) SHEILA PROEHL VP - CHIEF FINANCIAL OFFICER	50 00			X				0	201,847	34,717
(18) MICHELLE M SIMPSON PHARMACIST	40 00					X		119,817	0	13,467
(19) KATHRYN M ANDERSON REGISTERED NURSE	40 00					X		123,546	0	24,443
(20) DARLA R KLEMENTZ MANAGER - PHARMACY	40 00					X		122,359	0	13,403
(21) THOMAS J RICHARD DIRECTOR - FINANCE & MATERIALS	40 00					X		118,143	0	13,009
(22) KATHRYN A SMITH REGISTERED NURSE	40 00					X		119,290	0	22,950
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								981,124	1,786,848	549,859

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶16

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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>		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		
(A) Name and business address		(B) Description of services	(C) Compensation
REGIONS HOSPITAL PO BOX 64059 ST PAUL, MN 55164		PHYSICIAN & ADMINISTRATIVE STAFFING	1,904,634
HEALTHPARTNERS PO BOX 1450 NW3600 MINNEAPOLIS, MN 554853600		ADMINISTRATIVE & INFORMATION TECHNOLOGY	1,357,912
GROUP HEALTH INC PO BOX 64059 ST PAUL, MN 55164		SPECIALTY PHYSICIAN SERVICES	1,050,384
WESTERN WISCONSIN ANESTHESIA ASSOCIATES 329 SOO LINE ROAD HUDSON, WI 54016		ANESTHESIOLOGIST SERVICES	888,912
EFH COMPANY 2999W COUNTY RD 42 SUITE 206 BURNSVILLE, MN 55306		REMODELLING SERVICES	216,810
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶9		

Part VIII

Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 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							
	Program Service Revenue	2a	PATIENT SERVICE	623990	46,532,308	46,532,308			
b		OTHER HEALTH CARE	623990	227,136	227,136				
c		DIETARY	722210	160,578	160,578				
d		GIFT SHOP	453220	112,898			112,898		
e		PROGRAM SUPPORT GRANTS	623990	93,015	93,015				
f		All other program service revenue							
g		Total. Add lines 2a-2f		47,125,935					
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		136,835			136,835	
	4	Income from investment of tax-exempt bond proceeds . .							
	5	Royalties							
	6a	Gross Rents	(i) Real	(ii) Personal	750,000	750,000			
		b	Less rental expenses	1,035,558					285,558
		c	Rental income or (loss)	750,000					
		d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
		b	Less cost or other basis and sales expenses						
		c	Gain or (loss)						
		d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a						
		b	Less direct expenses	b					
		c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19 . .	a						
		b	Less direct expenses	b					
		c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances . .	a						
		b	Less cost of goods sold	b					
		c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code							
11a									
b									
c									
d	All other revenue								
e	Total. Add lines 11a-11d								
12	Total revenue. See Instructions		48,012,770	47,763,037	0		249,733		

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) but are not required to complete columns (B), (C), and (D).

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 U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	411,285	384,140	27,145	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	21,239,179	19,830,395	1,408,784	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	3,741,583	3,493,392	248,191	
10	Payroll taxes				
a	Fees for services (non-employees)				
	Management				
b	Legal	16,320		16,320	
c	Accounting	48,343		48,343	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	3,110,230	2,199,897	910,333	
12	Advertising and promotion	231,446		231,446	
13	Office expenses	380,201	19,108	361,093	
14	Information technology	213,020	31,535	181,485	
15	Royalties				
16	Occupancy	965,771	965,771		
17	Travel	39,191	2,974	36,217	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	2,450	65	2,385	
20	Interest	1,342,163	1,226,026	116,137	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,911,290	2,655,000	256,290	
23	Insurance	174,138		174,138	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL & OFFICE SUPPLY	7,222,819	7,028,338	194,481	
b	BAD DEBT	1,481,522	1,481,522		
c	EQUIPMENT & MAINTENANCE	1,345,849	850,137	495,712	
d	OTHER EXPENSE	302,044	160,392	141,652	
e	RECRUITMENT & TRAINING	133,743	9,082	124,661	
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	45,312,587	40,337,774	4,974,813	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			9,327,709	2	11,449,919
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			5,686,101	4	8,054,963
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	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). Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			864,440	8	954,620
	9	Prepaid expenses and deferred charges			1,075,003	9	207,454
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	53,431,279			
	b	Less: accumulated depreciation	10b	19,435,161	34,521,531	10c	33,996,118
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			1,385,860	13	1,777,223
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			7,129,226	15	7,399,037
16	Total assets. Add lines 1 through 15 (must equal line 34)			59,989,870	16	63,839,334	
Liabilities	17	Accounts payable and accrued expenses			5,154,400	17	6,220,318
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			24,270,000	20	23,605,000
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			387,210	25	899,135
	26	Total liabilities. Add lines 17 through 25			29,811,610	26	30,724,453
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			28,575,827	27	31,195,529
	28	Temporarily restricted net assets			1,520,743	28	1,837,662
	29	Permanently restricted net assets			81,690	29	81,690
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			30,178,260	33	33,114,881
34	Total liabilities and net assets/fund balances			59,989,870	34	63,839,334	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	48,012,770
2	Total expenses (must equal Part IX, column (A), line 25)	2	45,312,587
3	Revenue less expenses Subtract line 2 from line 1	3	2,700,183
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	30,178,260
5	Other changes in net assets or fund balances (explain in Schedule O)	5	236,438
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	33,114,881

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question 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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 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	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued 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 separated basis		
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?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

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.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

(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 support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 2010 (line 6 column (f) divided by line 11 column (f))		14				
15 Public Support Percentage for 2009 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2010. 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—2009. If the organization did not check the 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—2010. 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—2009. 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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here 						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. 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—2009. 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. Supplemental Information. Complete this part to 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

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.

OMB No 1545-0047

2010

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 35a (Proxy Tax), then

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

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
---	--

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

- 1

Provide a description of the organization’s direct and indirect political campaign activities in Part IV
- 2

Political expenditures

▶ \$
- 3

Volunteer hours

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

- 1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes

☐ No
- 4a

Was a correction made?

☐ Yes

☐ No
- b

If "Yes," describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$
- 2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities

▶ \$
- 3

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

▶ \$
- 4

Did the filing organization file Form 1120-POL for this year?

☐ Yes

☐ No
- 5

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable 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)).

		(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? If "Yes," describe in Part IV	Yes		0
	j Total lines 1c through 1i			0
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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 carryover 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) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible 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

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	HUDSON HOSPITAL, INC. PAYS FOR CERTAIN CORPORATE PROFESSIONAL ASSOCIATION MEMBERSHIPS. A PORTION OF SUCH MEMBERSHIP DUES POTENTIALLY COULD BE USED BY THE PROFESSIONAL ASSOCIATIONS FOR LOBBYING ACTIVITIES.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
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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	3
2	Aggregate contributions to (during year)	490,213
3	Aggregate grants from (during year)	173,294
4	Aggregate value at end of year	1,919,352
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>Yes No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may 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>Yes 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 pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a–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

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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 170(h)(4)(B)(ii)?

Yes No

9

In Part XIV, 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, 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 XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, 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 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

► \$

b

Assets included in Form 990, Part X

► \$

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

Using the organization's 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 XIV

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 XIV 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 XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	81,690	81,690	81,690		
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	81,690	81,690	81,690		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

b

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

3b

Yes

4

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

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		12,136,252		12,136,252
b Buildings		29,388,511	12,949,212	16,439,299
c Leasehold improvements				
d Equipment		11,162,329	6,040,861	5,121,468
e Other		744,187	445,088	299,099
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				33,996,118

Schedule D (Form 990) 2010

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	148,012,770
2	Total expenses (Form 990, Part IX, column (A), line 25)	245,312,587
3	Excess or (deficit) for the year Subtract line 2 from line 1	32,700,183
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	3236,438
9	Total adjustments (net) Add lines 4 - 8	3236,438
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	32,936,621

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	148,298,328
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d	2e0
3	Subtract line 2e from line 1	348,298,328
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b	4c-285,558
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	548,012,770

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	145,598,145
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d	2e285,558
3	Subtract line 2e from line 1	345,312,587
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b	4c0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	545,312,587

Part XIV Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	PART V, LINE 4 HUDSON HOSPITAL, INC HOLDS \$81,690 OF PERMANENTLY RESTRICTED ASSETS RELATED TO HUDSON HOSPITAL, INC 'S BENEFICIAL INTEREST IN THE NET ASSETS OF HUDSON HOSPITAL FOUNDATION, INC , A RELATED ORGANIZATION OF HUDSON HOSPITAL, INC
PART XI, LINE 8 - OTHER ADJUSTMENTS		CONTRIBUTION OF LONG-LIVED ASSETS 30,073 INCREASE IN INTEREST IN NET ASSETS OF HUDSON HOSPITAL FOUNDATION 335,820 TRANSFER OF NET ASSETS TO HUDSON HOSPITAL FOUNDATION, INC - 129,455
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL PROPERTY EXPENSE -285,558
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL PROPERTY EXPENSE 285,558

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.**

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

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	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%</div> <div><input type="checkbox"/> 150%</div> <div><input checked="" type="checkbox"/> 200%</div> <div><input type="checkbox"/> Other _____%</div>	Yes	
b	Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> 250%</div> <div><input checked="" type="checkbox"/> 300%</div> <div><input type="checkbox"/> 350%</div> <div><input type="checkbox"/> 400%</div> <div><input type="checkbox"/> Other _____%</div>	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine 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"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	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 Worksheets 1 and 2)		166	278,373		278,373	0 610 %
b Unreimbursed Medicaid (from Worksheet 3, column a)		2,294	1,538,735		1,538,735	3 370 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs		2,460	1,817,108		1,817,108	3 980 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		81,942	605,443	27,471	577,972	1 270 %
f Health professions education (from Worksheet 5)		122	112,125		112,125	0 250 %
g Subsidized health services (from Worksheet 6)		11,134	1,088,217		1,088,217	2 380 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			38,517		38,517	0 080 %
j Total Other Benefits		93,198	1,844,302	27,471	1,816,831	3 980 %
k Total. Add lines 7d and 7j)		95,658	3,661,410	27,471	3,633,939	7 960 %

Part II

Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development		7,613		7,613	0 020 %
3	Community support		7,613		7,613	0 020 %
4	Environmental improvements	24	3,405		3,405	0 %
5	Leadership development and training for community members	14	1,078		1,078	0 %
6	Coalition building	400	80,948		80,948	0 180 %
7	Community health improvement advocacy	250	7,227		7,227	0 020 %
8	Workforce development	245	2,156		2,156	0 %
9	Other					
10	Total	933	110,040		110,040	0 240 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	860,764
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	150,000
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	9,210,969
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,128,909
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	82,060
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.		
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	Yes

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 1 ST CROIX VALLEY SHARED SERVICES	HOME HEALTH AND HOSPICE CARE	25 000 %	0 %	0 %
2 2 WESTERN WISCONSIN CANCER CENTER	MEDICAL ONCOLOGY AND RADIATION	23 700 %	0 %	0 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Schedule H (Form 990) 2010

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 6, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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 areas 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

Identifier	Return/Reference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY UTILIZES CMS MEDICARE COST REPORT METHODOLOGY. BAD DEBT CHARGE RATIO FOUND IN THE MEDICARE COST REPORT
		PART I, LINE 7G HUDSON HOSPITAL, INC. (HOSPITAL) IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS IN 2010, LOSS ON SERVICES FOR HOSPITAL OUTPATIENT, PHYSICAL THERAPY, ONCOLOGY, RESPIRATORY THERAPY, PHYSICAL THERAPY, ONCOLOGY, EMERGENCY ROOM, OBSERVATION AND PROGRAMS FOR CHANGE TOTALLED \$1,088,217
		PART II, LINE 9B THE HOSPITAL DEBT COLLECTION POLICY CONTAINS PROVISIONS ON COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO BE ELIGIBLE FOR CHARITY CARE OR FINANCIAL ASSISTANCE. THE HOSPITAL BELIEVES THAT DEBT COLLECTION POLICIES, WHETHER IMPLEMENTED BY HOSPITAL STAFF OR HOSPITAL'S AGENTS, SHOULD REFLECT THE HOSPITAL'S MISSION AND VALUES. THE HOSPITAL WILL NOT TOLERATE ABUSIVE, HARASSING, OPPRESSIVE, FALSE, DECEPTIVE, OR MISLEADING LANGUAGE OR COLLECTIONS CONDUCT BY ITS DEBT COLLECTION, ATTORNEY AND AGENCY, AND THEIR AGENTS AND EMPLOYEES, AND HOSPITAL EMPLOYEES RESPONSIBLE FOR COLLECTING MEDICAL DEBTS FROM PATIENTS. THE HOSPITAL WILL NOT REFER ANY ACCOUNT TO A THIRD PARTY DEBT COLLECTION AGENCY UNLESS IT HAS CONFIRMED THAT - THERE IS REASONABLE BASIS TO BELIEVE THAT THE PATIENT OWES THE DEBT, ALL KNOWN THIRD-PARTY PAYERS HAVE BEEN PROBABLY PAID, AND THE PATIENT IS RESPONSIBLE FOR THE REMAINING DEBT - IF THE PATIENT HAS INDICATED AN INABILITY TO PAY THE FULL AMOUNT, THE PATIENT HAS BEEN OFFERED A REASONABLE, BUT DECEPTIVE, OR MISLEADING PLAN, REFER PATIENTS TO DEBT COLLECTION AGENCIES WHO ARE PERFORMING AS SPECIFIED IN THEIR PAYMENT PLANS - THE PATIENT HAS BEEN GIVEN AN OPPORTUNITY TO COMPLY WITH FINANCIAL ASSISTANCE/CHARITY CARE APPLICATION IF THE PATIENT HAS SUBMITTED AN APPLICATION FOR CHARITY CARE, ALL COLLECTION ACTIVITY WILL BE SUSPENDED UNTIL THE APPLICATION HAS BEEN PROCESSED - THE LEVEL OF AUTHORITY REQUIRED TO MAKE DECISIONS REGARDING DEBT COLLECTION AUTHORIZING LITIGATION, PAYMENT PLANS, AND CHARITY CARE IS - BALANCES OVER \$25,000 - CEO - BALANCES BETWEEN \$10,000 AND \$25,000 - CFO - BALANCES UNDER \$10,000 - DIRECTOR OF BUSINESS OPERATIONS
		PART III, LINE 8 MEDICARE SURPLUS SHORTFALL IN LINE 7 REPRESENTS THE ADDITIONAL 1% OF ALLOWABLE COST THAT CRITICAL ACCESS HOSPITALS RECEIVE. MEDICARE SHORTFALL IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION FOR WHICH IT CAN BE INCLUDED IN OTHER FINANCIAL REPORTS. THE HOSPITAL BASES ITS MEDICARE COSTING METHODOLOGY ON THE CMS MEDICARE COST REPORT METHODOLOGY, COST TO CHARGE RATIO
		PART III, LINE 9B THE HOSPITAL DEBT COLLECTION POLICY CONTAINS PROVISIONS ON COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO BE ELIGIBLE FOR CHARITY CARE OR FINANCIAL ASSISTANCE. THE HOSPITAL BELIEVES THAT DEBT COLLECTION POLICIES, WHETHER IMPLEMENTED BY HOSPITAL STAFF OR HOSPITAL'S AGENTS, SHOULD REFLECT THE HOSPITAL'S MISSION AND VALUES. THE HOSPITAL WILL NOT TOLERATE ABUSIVE, HARASSING, OPPRESSIVE, FALSE, DECEPTIVE, OR MISLEADING LANGUAGE OR COLLECTIONS CONDUCT BY ITS DEBT COLLECTION, ATTORNEY AND AGENCY, AND THEIR AGENTS AND EMPLOYEES, AND HOSPITAL EMPLOYEES RESPONSIBLE FOR COLLECTING MEDICAL DEBTS FROM PATIENTS. THE HOSPITAL WILL NOT REFER ANY ACCOUNT TO A THIRD PARTY DEBT COLLECTION AGENCY UNLESS IT HAS CONFIRMED THAT - THERE IS REASONABLE BASIS TO BELIEVE THAT THE PATIENT OWES THE DEBT, ALL KNOWN THIRD-PARTY PAYERS HAVE BEEN PROBABLY PAID, AND THE PATIENT IS RESPONSIBLE FOR THE REMAINING DEBT - IF THE PATIENT HAS INDICATED AN INABILITY TO PAY THE FULL AMOUNT, THE PATIENT HAS BEEN OFFERED A REASONABLE, BUT DECEPTIVE, OR MISLEADING PLAN, REFER PATIENTS TO DEBT COLLECTION AGENCIES WHO ARE PERFORMING AS SPECIFIED IN THEIR PAYMENT PLANS - THE PATIENT HAS BEEN GIVEN AN OPPORTUNITY TO COMPLY WITH FINANCIAL ASSISTANCE/CHARITY CARE APPLICATION IF THE PATIENT HAS SUBMITTED AN APPLICATION FOR CHARITY CARE, ALL COLLECTION ACTIVITY WILL BE SUSPENDED UNTIL THE APPLICATION HAS BEEN PROCESSED - THE LEVEL OF AUTHORITY REQUIRED TO MAKE DECISIONS REGARDING DEBT COLLECTION AUTHORIZING LITIGATION, PAYMENT PLANS, AND CHARITY CARE IS - BALANCES OVER \$25,000 - CEO - BALANCES BETWEEN \$10,000 AND \$25,000 - CFO - BALANCES UNDER \$10,000 - DIRECTOR OF BUSINESS OPERATIONS
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 3 IN 2009, UNDER THE GUIDANCE OF THE ST. CROIX COUNTY COMMUNITY HEALTH IMPROVEMENT PROCESS (CHIP) STEERING COMMITTEE, A FORMAL COMMUNITY NEEDS ASSESSMENT COMPRISED OF QUALITATIVE AND QUANTITATIVE RESEARCH METHODOLOGIES WAS CONDUCTED AND RESULTS REPORTED. THE REPORT USES THE STATE HEALTH PLAN, HEALTHIEST WISCONSIN 2010, AS ITS GUIDE FOR IMPROVEMENT. CHIP PARTNERS ENGAGED IN THREE DIFFERENT ACTIVITIES TO INFORM DECISIONS ABOUT SETTING PRIORITIES FOR THE COUNTY'S 2009 TO 2014 PLAN: PHOTOVOICE, AN INNOVATIVE RESEARCH METHOD DEVELOPED BY DR. CAROLINE WANDER, AND THE 1990'S WAS SELECTED AS THE QUALITATIVE RESEARCH COMPONENT OF CHIP BECAUSE IT FOCUSES ON SOCIAL ACTION AND DEVELOPING PARTNERSHIPS FOR CHANGE. THE RESEARCH WAS DONE IN PARTNERSHIP WITH WISCONSIN AREA HEALTH EDUCATION CENTERS (AHCE) AND APPROVED BY AND CONDUCTED IN ACCORDANCE WITH THE UNIVERSITY OF WISCONSIN-MADISON INSTITUTIONAL REVIEW BOARD. PHOTOVOICE PLACES CAMERAS IN THE HANDS OF LOCAL RESIDENTS TO ENABLE THEM TO DEPICT THEIR EVERYDAY LIVES THROUGH VISUAL IMAGE. PHOTOVOICE INTENTIONALLY SEEKS TO INCLUDE GROUPS WHO TYPICALLY DO NOT HAVE DIRECT ACCESS TO POLICY MAKERS. THE ST. CROIX COUNTY THREE GROUPS OF SIX WOMEN RAISING CHILDREN WERE RECRUITED: (1) MOTHERS WHO ARE CONCERNED ABOUT MATERNAL AND CHILD HEALTH ISSUES, (2) MOTHERS WHO ARE OF HISPANIC ETHNICITY AND DO NOT SPEAK ENGLISH, AND (3) MOTHERS WHO ARE CONCERNED ABOUT HEALTHY EATING AND ACTIVE LIVING FOR THEIR CHILDREN. CO-PRINCIPAL INVESTIGATOR FOR THE PROJECT, MAGGIE STEDMAN-SMITH, PHD, MPH, RN, COMPLETED A FINAL REPORT, USING PHOTOVOICE TO HEAR THE VOICES OF MOTHERS RAISING CHILDREN IN ST. CROIX COUNTY, AND PRESENTED THAT REPORT TO THE HEALTH IMPROVEMENT STEERING COMMITTEE. THE PARTNERS ALSO DISPLAYED A PHOTOVOICE EXHIBIT AT THE PHIPPS CENTER FOR THE ARTS IN HUDSON AND AT OTHER PUBLIC VENUES. PHOTOVOICE RESEARCH PROVIDED IMAGES, OVER 100 PHOTOS, AND ACCOMPANYING OBSERVATIONS FROM THE GROUPS OF MOTHERS ABOUT THEIR HEALTH CARE CONCERNS WHILE THE GROUPS OF MOTHERS DID NOT VOTE ON THE 11 HEALTH PRIORITIES OF HEALTHIEST WISCONSIN 2010, THEY DID, HOWEVER, ECHO MANY OF THE THEMES IDENTIFIED AS PART OF THOSE PRIORITIES. THE PHOTOVOICE FINAL REPORT SUMMARIZED THE THEMES MOST OFTEN HIGHLIGHTED BY THE THREE GROUPS OF MOTHERS - ACCESS TO HEALTH CARE SERVICES - IMPROVED NUTRITION AND NUTRITION EDUCATION - ENVIRONMENTAL HEALTH AND SAFETY - CHIP SURVEY ("USE YOUR VOICE") THE ST. CROIX COUNTY PARTNERS DISTRIBUTED SURVEYS BY MAIL TO (5000) ST. CROIX COUNTY HOUSEHOLDS USING RANDOM RESIDENTIAL SORT. SURVEYS WERE MAILED TO A PREDETERMINED NUMBER OF HOUSEHOLDS IN EACH OF THE 11 ZIP CODES INCLUDED. AN EMAIL SURVEY WAS ALSO SENT TO 4,698 OPT-IN USERS IN CITIES SERVED BY AREA NEWSPAPERS (ONLINE SUBSCRIPTIONS). THE SURVEY ASKED RESPONDENTS TO 1) INDICATE THE TOP FIVE OF INTEREST IN EACH OF THE 11 HEALTH PRIORITIES IDENTIFIED BY THE WISCONSIN DEPARTMENT OF HEALTH SERVICES AND 2) RANK THEIR CHOICES FOR THE TOP 3 PRIORITIES. WHEN RANKING THEIR TOP CHOICES, THEY WERE TO ASSUME THAT THEY WERE IN CHARGE OF ALLOCATING RESOURCES TO MAKE CHANGES THAT WILL MAKE A DIFFERENCE IN PEOPLE'S LIVES, THAT THEY HAD LIMITED RESOURCES TO USE IN THIS EFFORT, AND THAT THEY WOULD NEED TO COHERENT THE SUPPORT OF THE COMMUNITY IN ORDER TO GET THE WORK DONE. THE SURVEY ALSO GATHERED SOME BASIC DEMOGRAPHIC INFORMATION ABOUT THE 683 INDIVIDUALS WHO COMPLETED THE SURVEY AND ASKED ABOUT RESPONDENT'S OPINIONS ABOUT THE THEATICAL UPONING LEGISLATION BANNING SMOKING AT CERTAIN ESTABLISHMENTS IN WISCONSIN. THE SURVEY PRODUCED THE VOTING RESULTS DISPLAYED ON PAGES 8, 9, AND 10 OF THE FULL REPORT. IN ADDITION TO THE PRIORITY RANKINGS, THE SURVEY REVEALED THAT THE MOST OFTEN HEARD OPINIONS ABOUT SECONDHAND SMOKE AND ABOUT THE PROPOSED TOBACCO LEGISLATION - WHICH TOOK EFFECT IN JULY OF 2010 BY A WIDE MARGIN, RESPONDENTS FELT THAT SECONDHAND SMOKE IS A SERIOUS HEALTH HAZARD, AND NEARLY 75% OF THE RESPONDENTS SUPPORTED THE TOBACCO LEGISLATION QUOTATIONS DRAWN FROM COMMENTS OFFERED BY SURVEY RESPONDENTS TO APPEAR THROUGHOUT THIS REPORT, IDENTIFIED IN THE REPORT'S EXECUTIVE SUMMARY TAGLINE "STEERING COMMITTEE REVIEW OF QUANTITATIVE RESEARCH FOLLOWING A SERIES OF MEETINGS TO REVIEW AND DISCUSS DATA AND STATISTICS RELEVANT TO EACH OF THE 11 HEALTH PRIORITIES, THE CHIP STEERING COMMITTEE MET AT THE HOSPITAL ON MAY 28, 2009 AT THAT MEETING, THE GROUP CIRCULATED THE ROOM IN SMALL GROUPS TO DISCUSS DATA DISPLAYS ABOUT EACH HEALTH PRIORITY, DELIVERED VOTES ON PRIORITIES COORDINATED TO THREE MEASURES: 1. SIZE AND PREVALENCE OF THE ISSUE - HOW MANY PEOPLE DOES THIS AFFECT? - HOW DOES THE PREVALENCE OF THIS ISSUE IN ST. CROIX COUNTY COMPARE WITH ITS PREVALENCE IN OTHER COUNTIES, THE WESTERN REGION, AND THE STATE OF WISCONSIN? - HOW SERIOUS ARE THE CONSEQUENCES? (URGENCY, SEVERITY, ECONOMIC LOSS) 2. EFFECTIVENESS OF INTERVENTIONS - HOW LIKELY IS IT THAT ACTIONS TAKEN WILL MAKE A DIFFERENCE? - HOW LIKELY IS IT THAT ACTIONS WILL IMPROVE QUALITY OF LIFE? - HOW LIKELY IS IT THAT PROGRESS CAN BE MADE IN BOTH THE SHORT TERM AND THE LONG TERM? - HOW LIKELY IS IT THAT THE COMMUNITY WILL EXPEND THE RESOURCES OF LONG TERM COST? 3. COMMUNITY CAPACITY - ARE PEOPLE LIKELY TO SUPPORT ACTIONS AROUND THIS ISSUE? (READY) - WILL IT BE NECESSARY TO CHANGE BEHAVIORS AND ATTITUDES IN RELATION TO THIS ISSUE (WILL IT BE NECESSARY TO GATHER THE NECESSARY RESOURCES AND LEADERSHIP AVAILABLE TO US NOW? (ABLE) OF THE 11 HEALTH PRIORITIES REPRESENTED WITHIN THE STATE HEALTH PLAN, ST. CROIX COUNTY IS FOCUSING ON THE TOP FIVE IDENTIFIED PRIORITIES: ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY AND LACK OF PHYSICAL ACTIVITY, ADEQUATE & APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE FOR PLAN YEARS 2009-2014.
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 4 NEEDS ASSESSMENT IN CONJUNCTION WITH OTHER HOSPITALS IN ADDITION TO THE HOSPITAL, WESTFIELD'S HOSPITAL (NEW RICHMOND), ELKHART AREA MEDICAL CENTER (ELKHART) AND RIVER FALLS AREA HOSPITAL (RIVER FALLS) ALL HAD REPRESENTATION ON THE STEERING COMMITTEE AT THE TIME THE NEEDS ASSESSMENT WAS DONE. THEY ALL CONTINUE TO BE INVOLVED IN THE HEALTH OF THE COMMUNITY TOGETHER - ST. CROIX COUNTY, AT VARIOUS LEVELS OF INVOLVEMENT
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 5C NEEDS ASSESSMENT REPORT AVAILABILITY THE 2009 COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) RESULTS ARE AVAILABLE ONLINE. A SUMMARY AND FULL REPORT ARE PUBLICLY AVAILABLE ON THE HOSPITAL AND PUBLIC HEALTH WEBSITES AT WWW.HUDSONHOSPITAL.ORG/COMMUNITY AND WWW.CO.SAINT-CROIX.WISCONSIN.GOV/HEALTH, AVAILABLE IN PRINT FORM AND AVAILABLE UPON REQUEST. RESULTS WERE ALSO SHARED THROUGH A PRESS RELEASE TO LOCAL PAPERS, EBLAST TO KEY STAKEHOLDERS AND BUSINESS PARTNERS, AND AT A COMMUNITY FORUM HELD ON FEBRUARY 2010, AT WHICH 12 KEY STAKEHOLDERS FROM ACROSS THE COUNTY ATTENDED.
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 7 UNADDRESSED IDENTIFIED NEEDS OF THE 11 HEALTH PRIORITIES REPRESENTED WITHIN THE STATE HEALTH PLAN, HEALTHIEST WISCONSIN 2010, ST. CROIX COUNTY WILL FOCUS ON THE TOP FIVE IDENTIFIED PRIORITIES FOR THE COUNTY: ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY AND LACK OF PHYSICAL ACTIVITY, ADEQUATE & APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE FOR PLAN YEARS 2009-2014. OF THESE FIVE, HUDSON HOSPITAL & CLINICS LEADERSHIP (WITH HOSPITAL BOARD SUPPORT) COMMITTED TO VARIOUS LEVELS OF INVOLVEMENT FOR EACH: LEAD, COLLABORATE, PARTICIPATE, ADVOCATE - ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES - LEAD/COLLABORATE - OVERWEIGHT, OBESITY, LACK OF PHYSICAL ACTIVITY - LEAD/COLLABORATE - ADEQUATE & APPROPRIATE NUTRITION - LEAD/COLLABORATE - ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION - COLLABORATE/PARTICIPATE/ADVOCATE - TOBACCO USE AND EXPOSURE - PARTICIPATE/ADVOCATE WHILE THE HOSPITAL HAS CLINICAL EXPERTISE IN ALL THE IDENTIFIED HEALTH PRIORITIES, IT CHOSE TO LEAD/COLLABORATE ON THOSE TOPICS WHERE IT HAS THE GREATEST AMOUNT OF RESOURCES (BOTH STAFF AND MATERIALS), GAINED BY A COMMUNITY PARTNERSHIP AND HAVE THE GREATEST IMPACT ON OVERALL HEALTH IMPROVEMENT. HOSPITAL STAFF MEMBERS SERVE AS TASK FORCE CHAMPIONS OR WORK GROUP LEADS ON ALL OF THE ABOVE PRIORITIES TO HELP ADVANCE THE PLAN AND IMPROVE THE HEALTH OF THE COMMUNITY.
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 13G THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. IN 2010 ALONE, THE HOSPITAL PROVIDED \$278,373 IN CHARITY CARE. THE HOSPITAL DEFINES CHARITY CARE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE UNABLE TO PAY FOR THE SERVICES THEY RECEIVE. THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYMENT, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION. TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, CHARITY CARE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL. BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE. PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT. ALL PATIENTS WITHOUT INSURANCE TO THE HOSPITAL ARE ELIGIBLE FOR A DISCOUNT OF 20%, REGARDLESS OF INCOME. IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION. ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER INSURED PATIENTS. PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS DEPARTMENT, OVERSEES ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE. IN 2010, THE HOSPITAL SPENT \$4,185 IN STAFF TIME TO ASSIST 625 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$16,840 IN STAFF TIME TO GUIDE OR REFER 1,710 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$67,146 IN STAFF TIME TO GUIDE OR REFER 4,869 PATIENTS TO FINANCIAL ASSISTANCE. FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEBSITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS. IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE.
		SCHEDULE H, PART I, LINE 4A COMMUNITY BENEFIT REPORT AS A NOT-FOR-PROFIT HOSPITAL, THE HOSPITAL NEEDS TO BE ACCOUNTABLE FOR ITS TAX EXEMPTION STATUS - ACCOUNTABLE TO ITS BOARD, STAFF, PHYSICIANS, DONORS, KEY STAKEHOLDERS, COMMUNITY PARTNERS AND MOST OF ALL TO THE COMMUNITIES IT SERVES. THE 2010 REPORT TO COMMUNITY MICRO SITE (HUDSONHOSPITAL.ORG/COMMUNITYREPORT) PLUS PRINT REPORT COMMUNICATES THE ACCOMPLISHMENTS AND CHARITABLE WORK OF THE HOSPITAL IN SUPPORT OF ITS MISSION - "CARING FOR THE HEALTH OF OUR COMMUNITY" AND THE HUDSON HOSPITAL FOUNDATION, INC.'S COMMITMENT AND SUPPORT IN THESE EFFORTS. THE REPORT TELLS THE HOSPITAL'S STORY IN A PERSONAL AND INTERACTIVE WAY. THE STORIES ARE IMPORTANT AND TOUCHING REMINDERS OF THE HOSPITAL'S AND HUDSON HOSPITAL FOUNDATION, INC.'S COMMITMENT TO MAKE A DIFFERENCE IN THE LIVES OF THOSE SERVED. THE REAL STORIES ARE POWERFUL WHEN TOLD BY THE PEOPLE WHOSE LIVES WERE SAVED, CHANGED, OR SIMPLY TOUCHED BY THE HOSPITAL AND HUDSON HOSPITAL FOUNDATION, INC. EFFORTS AND DEMONSTRATION OF COMMITMENT TO THE COMMUNITY.
		SCHEDULE H, PART I, LINE 7F HEALTH PROFESSIONS EDUCATION THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 100 NURSES AND NURSING STUDENTS AND 22 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVEN INSTITUTIONS. THE HOSPITAL PROVIDED \$12,122 IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP). THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE. THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM. EACH YEAR, IN ADDITION, HUDSON HOSPITAL PROVIDES 20 COMMUNITY PROVIDES (2) \$2,000 SCHOLARSHIPS TO LOCAL HIGH SCHOOL SENIORS PURSUING HEALTH-RELATED EDUCATION AND CAREERS.
		PART VI, LINE 2 NEEDS ASSESSMENT THE MISSION OF THE HOSPITAL IS CARING FOR THE HEALTH OF OUR COMMUNITY TO BETTER UNDERSTAND AND ADDRESS THE NEEDS OF THOSE THE HOSPITAL SERVES, THE ORGANIZATION REMAINED COMMITTED TO ITS PARTNERSHIP WITH ST. CROIX COUNTY AND PUBLIC HEALTH AND THE COMMUNITY HEALTH IMPROVEMENT PROCESS. HEALTHIER TOGETHER - ST. CROIX COUNTY (FORMERLY CHIP), FACILITATED BY BOTH ORGANIZATIONS, IS A STRATEGIC, ONGOING, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES. A STEERING COMMITTEE OF 25+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS AND AGENCIES FROM ACROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE TOGETHER, THE COMMITTEE REGULARLY ASSESSES THE STATE OF THE COUNTY'S HEALTH. HAVING COMPLETED THE COMMUNITY HEALTH NEEDS ASSESSMENT IN THE FALL OF 2009, ACTION AND EVALUATION PLANNING BEGUN IN 2010 AND A FORMAL COMMUNITY HEALTH IMPROVEMENT PLAN WAS IMPLEMENTED AND RELEASED IN JUNE 2011. PLAN IMPLEMENTATION HAS BEGUN AND THE HOSPITAL REMAINS COMMITTED TO PLAN SUCCESS.
		PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. IN 2010 ALONE, THE HOSPITAL PROVIDED \$278,373 IN CHARITY CARE. THE HOSPITAL DEFINES CHARITY CARE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE UNABLE TO PAY TO PAY FOR THE SERVICES THEY RECEIVE. THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYMENT, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION. TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, CHARITY CARE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL. BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE. PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT. ALL PATIENTS WITHOUT INSURANCE TO THE HOSPITAL ARE ELIGIBLE FOR A DISCOUNT OF 20%, REGARDLESS OF INCOME. IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION. ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER INSURED PATIENTS. PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS DEPARTMENT, OVERSEES ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE. IN 2010, THE HOSPITAL SPENT \$4,185 IN STAFF TIME TO ASSIST 625 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$16,840 IN STAFF TIME TO GUIDE OR REFER 1,710 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$67,146 IN STAFF TIME TO GUIDE OR REFER 4,869 PATIENTS TO FINANCIAL ASSISTANCE. FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEBSITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS. IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE.
		PART VII, LINE 4 COMMUNITY INFORMATION THE HOSPITAL IS GOVERNED BY A COMMUNITY BOARD OF DIRECTORS AND THE MEDICAL STAFF IS ORGANIZED IN THE PUBLIC'S INTEREST. THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS. WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTH PARTNERS FAMILY OF RELATED HEALTHCARE ORGANIZATIONS, HUDSON PHYSICIANS - WMA, AND THE COMMUNITY, THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2010. ADVANCEMENTS WERE MADE TO ENSURE BETTER PATIENT CARE AND IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE. THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND HIGH-LEVEL CARE. THE HOSPITAL'S COMMITMENT TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE. THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM. EACH YEAR, IN ADDITION, HUDSON HOSPITAL PROVIDES 20 COMMUNITY PROVIDES (2) \$2,000 SCHOLARSHIPS TO LOCAL HIGH SCHOOL SENIORS PURSUING HEALTH-RELATED EDUCATION AND CAREERS.
		PART VII, LINE 6 PROMOTION OF COMMUNITY HEALTH THE HOSPITAL IS GOVERNED BY A COMMUNITY BOARD OF DIRECTORS AND THE MEDICAL STAFF IS ORGANIZED IN THE PUBLIC'S INTEREST. THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS. WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTH PARTNERS FAMILY OF RELATED HEALTHCARE ORGANIZATIONS, HUDSON PHYSICIANS - WMA, AND THE COMMUNITY, THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2010. ADVANCEMENTS WERE MADE TO ENSURE BETTER PATIENT CARE AND IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE. THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND HIGH-LEVEL CARE. THE HOSPITAL'S COMMITMENT TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE. THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM. EACH YEAR, IN ADDITION, HUDSON HOSPITAL PROVIDES 20 COMMUNITY PROVIDES (2) \$2,000 SCHOLARSHIPS TO LOCAL HIGH SCHOOL SENIORS PURSUING HEALTH-RELATED EDUCATION AND CAREERS.
		PART VI, LINE 7 AFFILIATED HEALTH CARE SYSTEM PLEASE SEE SCHEDULE O DISCUSSION OF EXEMPT PURPOSE AND ACTIVITIES 5-11 CORPORATE STRUCTURE, PURPOSE, GOVERNANCE
REPORTS FILED WITH STATES	PART VI, LINE 7	WI, MN

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>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</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>1b</div> <div>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 the expenses described above? If "No," complete Part III to explain</div>		
<div>2</div> <div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?</div>		
<div>3</div> <div>Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply</div> <div><div><div><input type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment from the organization or a related organization?</div>		No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	Yes	
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>		No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	Yes	
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	Yes	
<div>7</div> <div>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</div>		No
<div>8</div> <div>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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III</div>		No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>		

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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(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 in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) MARIAN M FURLONG	(i)	130	0	0	0	0	130	0
	(ii)	225,586	50,756	0	0	51,337	327,679	0
(2) BURKE KEALEY MD	(i)	130	0	0	0	0	130	0
	(ii)	355,756	29,600	0	0	82,429	467,785	0
(3) BROCK D NELSON	(i)	130	0	0	0	0	130	0
	(ii)	416,402	131,527	851	83,323	78,596	710,699	0
(4) SCOTT A SCHNUCKLE	(i)	130	0	0	0	0	130	0
	(ii)	280,975	82,672	10,876	25,565	71,234	471,322	0
(5) DEBORAH BRISCH-CRAMER	(i)	148,389	21,443	138	0	22,207	192,177	0
	(ii)	0	0	0	0	0	0	0
(6) STEVE MUELLERLEILE	(i)	178,312	27,221	396	0	13,179	219,108	0
	(ii)	0	0	0	0	0	0	0
(7) SHEILA PROEHL	(i)	0	0	0	0	0	0	0
	(ii)	178,226	23,621	0	0	34,717	236,564	0
(8) MICHELLE M SIMPSON	(i)	119,263	500	54	0	13,467	133,284	0
	(ii)	0	0	0	0	0	0	0
(9) KATHRYN M ANDERSON	(i)	122,840	500	206	0	24,443	147,989	0
	(ii)	0	0	0	0	0	0	0
(10) DARLA R KLEMENTZ	(i)	116,442	5,863	54	0	13,403	135,762	0
	(ii)	0	0	0	0	0	0	0
(11) THOMAS J RICHARD	(i)	110,206	7,799	138	0	13,009	131,152	0
	(ii)	0	0	0	0	0	0	0
(12) KATHRYN A SMITH	(i)	118,473	500	317	0	22,950	142,240	0
	(ii)	0	0	0	0	0	0	0
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 4B	DEFERRED COMPENSATION IN COLUMN C OF SCHEDULE J, PART II INCLUDES AMOUNTS FROM A NONQUALIFIED 457(F) PLAN FOR THE FOLLOWING DIRECTORS: BROCK D NELSON \$ 34,855 SCOTT A SCHNUCKLE 8,955 ----- TOTAL \$ 43,810
	PART I, LINE 6	HUDSON HOSPITAL, INC 'S (HOSPITAL) PRESIDENT AND CHIEF FINANCIAL OFFICER (CFO) ARE EMPLOYEES OF REGIONS HOSPITAL (REGIONS), A RELATED ORGANIZATION. THE HOSPITAL'S OTHER OFFICERS ARE EMPLOYEES OF THE HOSPITAL. BOTH REGIONS AND THE HOSPITAL HAVE MANAGEMENT INCENTIVE PROGRAMS WHICH INCENT AND REWARD BUSINESS LEADERS WHO HELP THE ORGANIZATION ACHIEVE STATED BUSINESS AND/OR HEALTH IMPROVEMENT GOALS FOR A SPECIFIC FISCAL YEAR. THE PROGRAM IS A KEY ELEMENT OF THE PARTICIPANT'S TOTAL COMPENSATION PACKAGE. THE MANAGEMENT INCENTIVE PROGRAM REWARDS ARE BASED ON POSITION IN THE ORGANIZATION (E.G., VICE PRESIDENT, DIRECTOR, MANAGER, OTHER SPECIFICALLY IDENTIFIED LEADERS) AND THE ACHIEVEMENT OF BUSINESS AND HEALTH IMPROVEMENT GOALS ESTABLISHED IN A VARIETY OF AREAS. GOALS WILL BE RELATED TO THE ORGANIZATION'S STRATEGIC PLAN AND WILL BE BALANCED. THESE AREAS MAY INCLUDE BUT ARE NOT LIMITED TO PATIENT SATISFACTION, EMPLOYEE SATISFACTION, WORK ENVIRONMENT, EMPLOYEE AND/OR LEADERSHIP DEVELOPMENT, CARE DELIVERY, PATIENT EDUCATION, SIX AIMS, MARKET SHARE, STRATEGIC CAPABILITIES, FINANCIAL PERFORMANCE (NET MARGIN), ETC., AND WILL BE DEFINED ANNUALLY FOR EACH YEAR'S PROGRAM. A NET MARGIN THRESHOLD MUST BE MET FOR ANY PAYMENT TO BE MADE FROM THE PROGRAM AND THERE IS A CAP ON THE MAXIMUM INCENTIVE POTENTIALLY AVAILABLE TO EACH PARTICIPANT.

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.	OMB No 1545-0047
		2010
		Open to Public Inspection
Name of the organization HUDSON HOSPITAL INC		Employer identification number 39-0804125

Identifier	Return Reference	Explanation
EXEMPT PURPOSE AND ACHIEVEMENTS	FORM 990, PART III, LINE 4A	I CORPORATE STRUCTURE, PURPOSE, GOVERNANCE HUDSON HOSPITAL, INC (HOSPITAL), A STATE LICENSED 25-BED, LEVEL IV CRITICAL ACCESS HOSPITAL (CAH), IS A WISCONSIN NON-PROFIT ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501 (C)(3) THE HOSPITAL IS THE SOLE CORPORATE MEMBER OF HUDSON HOSPITAL FOUNDATION, INC , A FOUNDATION WHOSE PURPOSE IS TO SUPPORT THE HOSPITAL GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC ARE CORPORATE MEMBERS OF THE HOSPITAL THE HOSPITAL IS PART OF THE HEALTHPARTNERS FAMILY OF CARE HEALTHPARTNERS, INC , A MINNESOTA NON-PROFIT CORPORATION AND LICENSED HEALTH MAINTENANCE ORGANIZATION (HMO) WHICH IS RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(4), IS THE SOLE CORPORATE MEMBER OF HPI-RAMSEY , A MINNESOTA NON-PROFIT CORPORATION RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) HPI-RAMSEY IS THE SOLE CORPORATE MEMBER OF REGIONS HOSPITAL AND REGIONS HOSPITAL'S SISTER ORGANIZATIONS, REGIONS HOSPITAL FOUNDATION, CAPITAL VIEW TRANSITIONAL CARE CENTER (FORMERLY NORTH ST PAUL TRANSITIONAL CARE CENTER), AND RAMSEY INTEGRATED HEALTH SERVICES, ALL OF WHICH ARE MINNESOTA NON-PROFIT CORPORATIONS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C) (3) HPI-RAMSEY IS ALSO THE SOLE CORPORATE MEMBER OF RH-WISCONSIN, INC , A WISCONSIN NON-STOCK CORPORATION THAT IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) HEALTHPARTNERS, INC IS ALSO THE SOLE CORPORATE MEMBER OF THE FOLLOWING ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C) (3) GROUP HEALTH PLAN, INC (A STAFF MODEL HMO) WHICH IS ITSELF THE SOLE CORPORATE MEMBER OF HEALTHPARTNERS RESEARCH FOUNDATION, PHYSICIANS NECK & BACK CLINICS AND HEALTHPARTNERS CENTRAL MINNESOTA CLINICS, INC (FORMERLY CENTRAL MINNESOTA GROUP HEALTH, INC), ALL OF WHICH ARE EXEMPT UNDER SECTION 501(C) (3), HEALTHPARTNERS INSTITUTE FOR MEDICAL EDUCATION, AND RHSC, INC RH-WISCONSIN, INC AND GROUP HEALTH PLAN, INC ARE CORPORATE MEMBERS OF THE HOSPITAL AND WESTFIELDS HOSPITAL, INC , BOTH OF WHICH ARE WISCONSIN NON-PROFIT CORPORATIONS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) RH-WISCONSIN, INC IS ALSO THE SOLE CORPORATE MEMBER OF WESTERN WISCONSIN EMERGENCY MEDICAL SERVICES COMPANY , AN AMBULANCE SERVICE WHICH IS A WISCONSIN NON-PROFIT CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) TOGETHER, ALL OF THESE RELATED ORGANIZATIONS COMPRISE THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS (HEALTHPARTNERS), WHICH IS AN INTEGRATED HEALTH CARE DELIVERY SY STEM THAT COMBINES THE PROVISION AND FINANCING OF HEALTH CARE SERVICES, FOR THE PURPOSE OF IMPROVING THE HEALTH OF ITS VARIOUS ENTITIES' MEMBERS, PATIENTS, AND THE BROADER COMMUNITY HEALTHPARTNERS AND THE HOSPITAL ALSO PARTNER WITH OTHER PLANS, CARE PROVIDERS AND NON-PROFIT ORGANIZATIONS IN THE REGION AND THROUGHOUT THE NATION, TO INCREASE ACCESS, CREATE AND DISSEMINATE QUALITY MEASURES AND INITIATIVES, PARTICIPATE IN DEVELOPMENT OF PUBLIC POLICY AND COLLABORATE ON SYSTEM IMPROVEMENTS THE HOSPITAL CONTINUES TO WORK IN PARTNERSHIP WITH THE HEALTHPARTNERS FAMILY , HUDSON PHYSICIANS - WWMA, AND THE COMMUNITY TO ALSO PROMOTE COMMUNITY HEALTH THROUGH CLINICAL INITIATIVES, EDUCATION AND OUTREACH, AND COMMUNITY HEALTH IMPROVEMENT EFFORTS SUCH AS HEALTHIER TOGETHER - ST CROIX COUNTY

Identifier	Return Reference	Explanation
		<p>THE HOSPITAL CONTINUES TO BE AN INTEGRAL PART OF THE HUDSON COMMUNITY AND SURROUNDING AREA - A VITAL AND NECESSARY COMMUNITY RESOURCE SINCE 1953. PROGRAMS AND SERVICES INCLUDE A REGIONALLY POPULAR BIRTH CENTER, RANKED IN THE TOP 3% OF BIRTHING UNITS (TOP 50 HOSPITALS) NATIONWIDE FOR EXCEPTIONAL CARE DELIVERY, EXPANDED PHASE II CARDIAC REHABILITATION PROGRAM, HEART CARE CLINIC ADDITION - PEDIATRIC CARDIOLOGY (WESTERN WISCONSIN'S ONLY SOURCE FOR THIS SPECIALTY), A NEW INTERNAL MEDICINE CLINIC AND A HOSPITALIST PROGRAM (ONLY HOSPITAL IN WESTERN WISCONSIN TO PROVIDE THIS MODEL OF CARE). OTHER SERVICES INCLUDE THE EMERGENCY CENTER (WITH MEDICAL HELICOPTER TRANSPORT SERVICE), IMAGING CENTER, REHABILITATION CENTER, SURGERY & PROCEDURE CENTER, CANCER CARE, HEART CARE, NEUROLOGY, ORTHOPAEDICS AND MORE. THE HOSPITAL CAMPUS IS DESIGNED WITH THE LATEST TECHNOLOGY AND AMENITIES TO SUPPORT WHOLE HEALTH AND HEALING FOR PATIENTS AND THEIR FAMILIES - INCLUDING A NATIONALLY ACCLAIMED AND INTERNATIONALLY RECOGNIZED HEALING ARTS PROGRAM. THE PROGRAM, A COLLABORATION BETWEEN THE HOSPITAL AND THE PHIPPS CENTER FOR THE ARTS, IS ONE OF THE MOST COMPREHENSIVE HOSPITAL ARTS PROGRAM IN THE REGION WITH OVER 175 ORIGINAL PIECES OF ART ON DISPLAY AT ANY GIVEN TIME. BEST CARE, BEST EXPERIENCE ACTIVITIES, INCLUDING PROMISES TO PATIENTS AND PROMISES TO EACH OTHER WERE INTRODUCED IN SUPPORT OF A CULTURE OF EXCELLENCE - ONE OF RESPECT, ACCOUNTABILITY FOR EXCELLENCE, AND EMPLOYEE ENGAGEMENT AND INVOLVEMENT. THE HOSPITAL'S OVERALL "ENGAGEMENT INDEX" WAS 86%, AS REPORTED BY TOWERS WATSON, A GLOBAL ORGANIZATIONAL PERFORMANCE CONSULTING FIRM. "HIGH PERFORMING" COMPANIES HAVE ENGAGEMENT INDEXES BEGINNING AT 76%. A PATIENT'S WILLINGNESS TO RECOMMEND IS A LEADING INDICATOR OF SUCCESSFUL CUSTOMER SERVICE. THE HOSPITAL INPATIENT SCORES REMAIN HIGH AT THE 88TH PERCENTILE NATIONAL RANKING (TOP BOX "WOULD DEFINITELY RECOMMEND") AMONG PRESS GANEY HOSPITALS OF COMPARABLE SIZE. PRESS GANEY IS THE COUNTRY'S LARGEST HOSPITAL DATABASE OF PATIENT SATISFACTION SURVEY DATA.</p> <p>II. BENEFITS TO PATIENTS AND THE COMMUNITY. IN 2010 THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS. WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS, HUDSON PHYSICIANS (WWMA), THE COMMUNITY, AND THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2010. ADVANCEMENTS WERE MADE TO ENSURE BETTER HEALTH FOR ALL, IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE. THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND SERVICE. HIGHLIGHTS INCLUDE - IMPLEMENTATION OF EPIC - ELECTRONIC HEALTH RECORD (EHR) WHICH ADVANCED QUALITY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND CREATED A REGIONAL HEALTHPARTNERS NETWORK. THE HOSPITAL IS ONE OF THE FEW ITS SIZE NATIONALLY TO HAVE EPIC - IMPLEMENTATION OF THE START SEEING YELLOW PROGRAM TO PREVENT INPATIENT FALLS - IMPLEMENTATION OF SURGICAL CARE IMPROVEMENT PROJECT (SCIP) - NATIONAL PATIENT SAFETY INITIATIVE TO REDUCE PATIENT INFECTION RATES. THE HOSPITAL REPORTS SOME OF THE LOWEST SURGICAL INFECTION RATES IN THE REGION (1 201 PROCEDURES - U.S. AVERAGE 1 57 PROCEDURES) - ADDITION OF MANY NEW HEALTH CARE PROVIDERS TO THE CAMPUS TEAM, INCLUDING SPECIALISTS IN INTERNAL MEDICINE, PEDIATRIC CARDIOLOGY, ENDOCRINOLOGY, MIDWIFERY, OPHTHALMOLOGY, SPORTS MEDICINE, NEPHROLOGY, FAMILY MEDICINE, THE HOSPITALIST PROGRAM AND OTHERS - COLLABORATION WITH FIVE OTHER HOSPITALS AND TWO MEDICAL PROVIDER GROUPS TO CREATE THE CANCER CENTER OF WESTERN WISCONSIN (CCWW), LOCATED ON THE WESTFIELDS HOSPITAL CAMPUS, NEW RICHMOND. THE CENTER AND SYSTEM OF COORDINATED CANCER CARE WILL AFFORD PATIENTS REGIONAL ACCESS TO THE AREA'S ONLY RADIATION THERAPY CENTER. GROUND BREAKING TOOK PLACE IN EARLY AUGUST, CENTER OPENING IN MAY 2011 - RECORD-SETTING 532 BABIES WERE BORN IN THE BIRTH CENTER - MARKING THE HIGHEST NUMBER OF BIRTHS IN A SINGLE YEAR SINCE THE HOSPITAL'S FOUNDING IN 1953. BIRTH CENTER GROWTH 11% - ACCORDING TO PRESS GANEY SURVEY DATA (1800 HOSPITAL DATABASE), THE HOSPITAL'S BIRTH CENTER NURSING STAFF RANKS AMONG THE BEST IN THE NATION - 99TH PERCENTILE FOR FRIENDLINESS AND ATTITUDE (AMONG TOP 18 HOSPITALS NATIONWIDE). WHILE 2010 CONTINUED TO BE A YEAR OF CHANGE, CHALLENGES AND CHOICES FOR THE HOSPITAL, IT WAS ALSO ONE OF CONTINUED COMMUNITY SUPPORT. CHARITABLE TRADITION CONTINUED AS THE HOSPITAL REACHED OUT TO THOSE IN NEED OF ITS SERVICES. THE HOSPITAL ENGAGED IN COMMUNITY PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AGENCIES AND OTHER HEALTH PROVIDERS INVESTED IN COMMUNITY PROGRAMS AND SERVICES THAT POSITIVELY SUPPORT AND STRENGTHEN COMMUNITY HEALTH, EDUCATION, ECONOMIC DEVELOPMENT, AND CULTURE. THESE PROGRAMS AND PARTNERSHIPS EMBODY THE HOSPITAL'S MISSION OF "CARING FOR THE HEALTH OF OUR COMMUNITY." THE HOSPITAL AND ST. CROIX COUNTY PUBLIC HEALTH CONTINUED TO CO-FACILITATE THE COUNTY-WIDE COMMUNITY HEALTH IMPROVEMENT INITIATIVE NOW KNOWN AS HEALTHIER TOGETHER - ST. CROIX COUNTY (FORMERLY CHIP). SINCE JUNE 2008, THEY HAVE WORKED TOGETHER TO BETTER UNDERSTAND CURRENT AND FUTURE HEALTH CARE NEEDS OF ST. CROIX COUNTY. THE PROCESS INVOLVES ASSESSING, PRIORITIZING AND ADDRESSING HEALTH NEEDS IN THE REGION. HEALTHIER TOGETHER IS A STRATEGIC, COUNTY-WIDE, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES. A STEERING COMMITTEE OF 20+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS FROM ACROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE. THEY WORK TOGETHER TO BETTER ALIGN EFFORTS AMONG COMMUNITY PARTNERS AND CREATE A MORE STRATEGIC FRAMEWORK FOR LOCAL HEALTH IMPROVEMENT ACTIVITIES. FROM THE 2009 COUNTY-WIDE COMMUNITY NEEDS ASSESSMENT (EXECUTIVE SUMMARY AND FULL REPORT ARE PUBLICLY AVAILABLE ON THE HOSPITAL'S WEBSITE), THE TOP 5 HEALTH PRIORITIES WERE IDENTIFIED FOR THE PURPOSE OF EDUCATING AND MOBILIZING AREA ORGANIZATIONS, PLANNING ACTIONS TO IMPROVE PUBLIC HEALTH AND QUALITY OF LIFE, AND GARNERING RESOURCES FOR HEALTH IMPROVEMENT INITIATIVES. THE TOP 5 HEALTH PRIORITIES FOR 2009-2014 ARE ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY, ADEQUATE AND APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE.</p>

Identifier	Return Reference	Explanation
		<p>A COMMUNITY FORUM AND MULTIPLE WORKSHOPS WERE HELD IN 2010 TO SHARE ASSESSMENT FINDINGS AND CONTINUE DIALOGUE ABOUT POSSIBLE ROOT CAUSES OF TROUBLING STATISTICS BEGINNING IN JUNE 2010, FIVE TASK FORCES AND OVER 100 COMMUNITY MEMBERS BEGAN ACTION, IMPLEMENTATION AND EVALUATION PLANNING TO MOVE ST CROIX COUNTY'S COMMUNITY HEALTH IMPROVEMENT PROCESS FORWARD THE HEALTHIER TOGETHER - ST CROIX COUNTY PLAN (RELEASE DATE - JUNE 2011) WAS TO REPRESENT THE COLLECTIVE EFFORT OF MANY DEDICATED INDIVIDUALS WHO WORKED TO FIND CREATIVE WAYS TO IMPROVE HEALTH ACROSS THE COUNTY THE HOSPITAL PROVIDED A SIGNIFICANT AMOUNT OF INTELLECTUAL, IN-KIND AND FINANCIAL RESOURCES TO THIS INITIATIVE SINCE IT BEGAN TOTAL 2010 COMMUNITY BENEFIT CONTRIBUTIONS IN SUPPORT OF THE HEALTHIER TOGETHER INITIATIVE ARE VALUED AT \$47,282 THE HOSPITAL'S DEVOTION TO THE HEALTH OF THE COMMUNITY STARTS WITH PROVIDING EXCEPTIONAL MEDICAL CARE TO EACH PATIENT AND EXTENDS TO FAMILIES AND ORGANIZATIONS THROUGHOUT THE REGION THROUGH ITS COMMUNITY BENEFIT PROGRAM, THE HOSPITAL OFFERED SPECIAL HELP AND SUPPORT - FOR INDIVIDUALS OR FAMILIES EXPERIENCING FINANCIAL HARDSHIP TO EFFORTS OR ORGANIZATIONS STRIVING TO IMPROVE THE QUALITY OF LIFE FOR ALL TOTAL 2010 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$3,743,979 WHICH REPRESENTS 7 8% OF NET REVENUE THIS FIGURE IS REPORTED AT COST PER THE CATHOLIC HEALTH ASSOCIATION (CHA) COMMUNITY BENEFIT REPORTING GUIDELINES AND IN ACCORDANCE WITH WISCONSIN HOSPITAL ASSOCIATION (WHA) REPORTING REQUIREMENTS TRADITIONAL CHARITY CARE AND HEALTHCARE ACCESS FOR LOW-INCOME INDIVIDUALS - \$278,373 CHARITY CARE IS DEFINED AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE, TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY , PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION THE HOSPITAL PROVIDED \$278,373 IN FREE OR DISCOUNTED CARE TO 166 LOW INCOME AND UNINSURED PATIENTS CHARITY CARE REPRESENTS ABOUT 0 6% OF THE HOSPITAL'S TOTAL OPERATING EXPENSES CARE FOR MEDICAID PATIENTS - \$1,538,735 THE HOSPITAL PROVIDES INPATIENT AND OUTPATIENT CARE, INCLUDING EMERGENCY DEPARTMENT SERVICES, TO MEDICAID PATIENTS PAYMENTS RECEIVED FOR THESE SERVICES ARE BELOW THE COST OF CARE PROVIDED THE HOSPITAL'S EXPENSE TO COVER UNREIMBURSED MEDICAID COSTS FOR 2,294 PATIENTS TOTALED \$1,538,735 SUBSIDIZED HEALTH SERVICES - \$1,088,217 THE HOSPITAL IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS IN 2010, LOSS ON SERVICES FOR INPATIENT AND OUTPATIENT HEALTH SERVICES INCLUDING EMERGENCY AND TRAUMA - OBSERVATION, EMERGENCY DEPARTMENT, ONCOLOGY AND HOSPITAL OUTPATIENT SERVICES (PHYSICAL THERAPY, PROGRAMS FOR CHANGE, RESPIRATORY THERAPY) TOTALED \$1,088,217 COMMUNITY HEALTH IMPROVEMENT SERVICES - \$456,763 THE FOLLOWING ACTIVITIES OR PROGRAMS WERE CARRIED OUT AND SUPPORTED BY THE HOSPITAL IN 2010 FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH - COMMUNITY HEALTH EDUCATION (\$272,207) OVER 10,000 PEOPLE ATTENDED EDUCATIONAL PROGRAMS, CLASSES, SPECIAL EVENTS, HEALTH FAIRS OR SUPPORT GROUPS TAUGHT OR HOSTED BY MEDICAL AND CLINICS STAFF AND CAMPUS PARTNERS OR WERE HOSPITAL FITNESS CENTER MEMBERS (1 1 EDUCATION AND FITNESS TRAINING) TOTAL COMMUNITY HEALTH EDUCATION EXPENSES TOTALED \$272,207 CLASSES INCLUDED ADVANCED DIRECTIVES, PRENATAL/FAMILY PLANNING, BREASTFEEDING, BABY SIGN LANGUAGE, BABY MASSAGE, BABY SITTING CLASSES, DOMESTIC VIOLENCE, FAMILY/PARENTING/SIBLING EDUCATION, HEART DISEASE, MEDICATION SAFETY, MENTAL HEALTH AND DEPRESSION, NUTRITION/WEIGHT MANAGEMENT, SCHOOL-BASED HEALTH EDUCATION AND WORKFORCE DEVELOPMENT - HAND HYGIENE, EFFECTS OF SMOKING, CAREER DAY, ETC , AND YMCA PRESCHOOL SAFETY PROGRAM - RISK WATCH IN ADDITION, OVER 450 PEOPLE ATTENDED 25 FREE HEALTH SEMINARS ON RELEVANT HEALTH TOPICS OVER 60 CPR/AED AND FIRST-AID TRAINING CLASSES WERE OFFERED TO 631 PARTICIPANTS, AS YOUNG AS 6TH GRADE SPECIAL HEALTH EDUCATION PROGRAMS AND EVENTS WERE PRESENTED TO REHABILITATION THERAPY CLINICIANS FROM MN/WI (ORTHOPAEDICS CONFERENCE), SENIOR CITIZENS (FALLS PREVENTION SEMINARS), AREA YOUTH (ANNUAL BIKE SAFETY CLINIC) AND AS PART OF LEADERSHIP HUDSON - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS OVER 250 PARTICIPANTS ENJOYED AN EVENING OF ZEN - A HOLISTIC APPROACH TO BETTER HEALTH (MEDITATION, YOGA AND NUTRITION TIPS) OFFERED THROUGHOUT THE YEAR COMMUNITY-BASED HEALTH FAIRS INCLUDING THE REGIONAL HEALTH & WELLNESS EXPO AND HUDSON'S TASTE OF HOME COOKING SCHOOL ATTRACTED OVER 900 PEOPLE, WHO LEARNED ABOUT RECREATION THERAPY - THE BENEFITS OF MOTION AND MOVEMENT, PORTION CONTROL AND SIMPLE INGREDIENT SUBSTITUTIONS, MEDICATION SAFETY, FREE BLOOD PRESSURE CHECKS AND BLOOD SUGAR TESTING SUPPORT GROUPS FACILITATED BY HOSPITAL STAFF INCLUDED CANCER, NEW PARENT, SMOKING CESSATION AND WEIGHT AND WELLNESS 166 PEOPLE PARTICIPATED OTHER SUPPORT GROUPS OFFERED ON CAMPUS BY COMMUNITY PARTNERS INCLUDED CARDIAC REHAB, CELIAC AND SPRUE, CROHN'S & COLITIS, DIABETES, AND PARKINSON'S DISEASE HEALTH RESOURCE CENTER (HRC) IS OPERATED BY THE HOSPITAL AT A COST OF \$18,220 OVER 1200 PEOPLE UTILIZED MATERIALS OR SERVICES THE HRC IS A LENDING LIBRARY WHERE PATIENTS, THEIR FAMILY AND FRIENDS, STAFF AND COMMUNITY MEMBERS CAN ACCESS HEALTH AND WELLNESS INFORMATION FROM PRINT RESOURCES, INTERNET SITES, ORGANIZED EVENTS, AND STAFF ASSISTANCE FROM A REGISTERED NURSE OVER 1200 BOOKS AND MAGAZINES ARE CHECKED OUT ANNUALLY WELLNESS CLASSES ARE OPEN TO THE COMMUNITY AT NO OR LOW COST THE HOSPITAL FITNESS CENTER, AN ONSITE COMMUNITY FITNESS CENTER USED BY 120 COMMUNITY MEMBERS INCLUDING PHASE 3 CARDIAC REHAB PROGRAM PARTICIPANTS, WAS AVAILABLE FOR USE OPERATING COSTS OF \$65,463 INCLUDED DEDICATED STAFF TIME TO ADMINISTER FITNESS AND EDUCATION PROGRAMS, SPACE USAGE, AND REDUCED FACILITY MEMBERSHIP FEES - COMMUNITY BASED CLINICAL SERVICES (\$10,804) THE HOSPITAL HOSTED NUMEROUS BLOOD DRIVES IN SUPPORT OF THE AMERICAN RED CROSS AND CONDUCTED FREE BLOOD PRESSURE SCREENS THROUGHOUT THE YEAR AT A COST OF \$5,067 THE HOSPITAL WELCOMED THE SURVEY OF THE HEALTH OF WISCONSIN (SHOW) MOBILE EXAM CENTER TO ITS CAMPUS AS A MEANS TO LOCALLY SUPPORT STATEWIDE COMMUNITY HEALTH IMPROVEMENT EFFORTS SHOW WAS LAUNCHED BY THE UW SCHOOL OF MEDICINE AND PUBLIC HEALTH TO RIGOROUSLY ASSESS AND TRACK RESIDENTS' HEALTH IN DETAIL, IN THIS CASE, THE HEALTH OF ST CROIX COUNTY HOUSEHOLD RESIDENTS RANDOMLY SELECTED TO PARTICIPATE OPERATIONAL COSTS TOTALED \$1,100 THE FIRST GERIATRIC FALLS PREVENTION SCREENING WAS HELD FOR COMMUNITY MEMBERS AS A FOLLOW-UP TO THE FREE FALLS PREVENTION COMMUNITY HEALTH SEMINARS BEING OFFERED HOSPITAL STAFF WORKED COLLABORATIVELY ACROSS DEPARTMENTS TO PLAN EVENT AT A COST OF \$4,637 - HEALTH CARE SUPPORT SERVICES - (\$173,752) IN 2010, OVER 11,600 PEOPLE REALIZED THE BENEFIT OF HEALTH CARE SUPPORT SERVICES AVAILABLE INCLUDING TRANSLATION/INTERPRETER SERVICES, VAN TRANSPORTATION, COUNSELING SERVICES, AND LIFELINE HOME MONITORING SYSTEM, TO NAME A FEW MORE SPECIFICALLY ASK-A-NURSE IS A COMMUNITY RESOURCE PROVIDED BY THE HRC FREE EDUCATION CONSULTS, CUSTOM-RESEARCHED HEALTH INFORMATION, AND REFERRAL TO COMMUNITY SERVICES ARE PROVIDED BY REQUEST VIA DROP-IN OR BY TELEPHONE ASK-A-NURSE AVERAGES 100 REQUESTS PER MONTH SERVICE WAS PROVIDED AT A COST OF \$11,576 THE HOSPITAL'S GOOD SAMARITAN FUND, SUPPORTED BY HUDSON HOSPITAL FOUNDATION AND EMPLOYEE GIVING, DONATED \$2,340 TO HELP 26 INDIVIDUALS RECEIVING CARE ON THE HEALTH CAMPUS FUNDS PROVIDED WERE FOR URGENT AND EMERGENT NEEDS RELATED TO THEIR HEALTH INCLUDING DURABLE EQUIPMENT, NON-NARCOTIC PRESCRIPTION DRUGS, GAS CARDS, CLOTHING, ETC ENROLLMENT ASSISTANCE, INFORMATION AND REFERRAL SERVICES WERE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDERINSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOYS ONE PATIENT FINANCIAL SERVICES REPRESENTATIVE TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2010, THE HOSPITAL SPENT \$4,185 IN STAFF TIME TO ASSIST 625 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$16,840 IN STAFF TIME TO GUIDE OR REFER 1,710 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$67,146 IN STAFF TIME TO GUIDE OR REFER 4,869 PATIENTS TO FINANCIAL ASSISTANCE</p>

Identifier	Return Reference	Explanation
		<p>PROGRAMS FOR CHANGE, THE HOSPITAL'S OUTPATIENT CHEMICAL ADDICTION TREATMENT AND RECOVERY CARE PROGRAM, OFFERED PARENTS AND FAMILY MEMBERS THE OPPORTUNITY TO PARTICIPATE IN EDUCATIONAL LECTURES, GROUP DISCUSSION, AND FAMILY TREATMENT GROUPS FREE OF CHARGE IN SUPPORT OF THEIR LOVED ONE THE HOSPITAL PROVIDED \$26,876 IN STAFF TIME TO SUPPORT THE 245 ATTENDEES VAN TRANSPORT SERVICES WERE AVAILABLE TO COMMUNITY RESIDENTS WITHIN A 15-MILE RADIUS UPON REQUEST OPERATING COSTS FOR THE PROGRAM TOTALED \$18,439 OVER 1,600 RESIDENTS TOOK ADVANTAGE OF THE SERVICES HEALTH PROFESSIONS EDUCATION - \$112,125 THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 100 NURSES AND NURSING STUDENTS AND 22 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVEN INSTITUTIONS AT A COST OF \$112,125 IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP) THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM EACH YEAR, HUDSON HOSPITAL FOUNDATION, INC PROVIDES (2) \$2,000 SCHOLARSHIPS TO LOCAL HIGH SCHOOL SENIORS PURSUING HEALTH-RELATED EDUCATION AND CAREERS CASH DONATIONS - \$5,345 THE HOSPITAL'S CASH DONATIONS TO OTHER TAX-EXEMPT COMMUNITY ORGANIZATIONS IN THE FORM OF SPONSORSHIPS OR MEMBERSHIP DUES TOTALED \$5,345 IN-KIND DONATIONS - \$38,172 IN-KIND SERVICES PROVIDED INCLUDED STAFF HOURS SPENT IN SUPPORT OF BOARD OR COMMITTEE WORK (HUDSON ROTARY CLUB, ST CROIX ECONOMIC DEVELOPMENT CORPORATION, ST CROIX COUNTY SUBSTANCE ABUSE ADVISORY COMMITTEE, UW-RIVER FALLS CHANCELLOR ADVISORY COUNCIL, ST CROIX VALLEY VISUAL ARTS COUNCIL, AND WISCONSIN HOSPITAL ASSOCIATION), EQUIPMENT AND SUPPLIES (HELP FOR HAITI - MARK DRUFFNER, MD MISSION TRIP), SPECIAL EVENTS PLANNING (HEARTWALK, NAMWALK, HUDSON RELAY FOR LIFE), AND OVERHEAD EXPENSES OF SPACE PROVIDED TO NOT-FOR-PROFIT COMMUNITY GROUPS FOR MEETINGS COMMUNITY-BUILDING ACTIVITIES - \$110,040 THE HOSPITAL IS AN ENERGETIC MEMBER OF THE LOCAL, STATE AND REGIONAL COMMUNITIES AS THE HOSPITAL SUPPORTS INDIVIDUALS, ORGANIZATIONS, EVENTS AND PROGRAMS, IT LIVES OUT ITS COMMITMENT TO IMPROVE THE HEALTH OF THE COMMUNITY KNOWING MUCH MORE CAN BE ACCOMPLISHED TOGETHER, THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM BUILT VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS THE HOSPITAL PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT, EMERGENCY PREPAREDNESS, LEADERSHIP DEVELOPMENT, COALITION BUILDING, HEALTH IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT INCLUDING THE TOBACCO COALITION, HEALTHWATCH OF ST CROIX COUNTY, WISCONSIN YOUTH APPRENTICESHIP PROGRAM, WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), THE HEALING ARTS PROGRAM, ST CROIX VALLEY FOUNDATION PARTNERS FOR THE FUTURE, SOMERSET MIDDLE SCHOOL CAREER ACADEMIC AND PERSONAL AND SOCIAL SKILLS (CAPS) CLASS, AND LEADERSHIP HUDSON TO HELP LOCAL BUSINESSES AND ORGANIZATIONS BETTER UNDERSTAND THE CHANGES IN THE HEALTH CARE MARKET AS A RESULT OF HEALTH CARE REFORM, THE HOSPITAL AND WESTFIELDS HOSPITAL SPONSORED EXTREME MAKEOVER 2010 WESTERN WISCONSIN HEALTH CARE REFORM EVENT OVER 225 COMMUNITY STAKEHOLDERS ATTENDED TO DISCUSS THE EMERGING IMPLICATIONS AND WHAT THEY MIGHT MEAN FOR THE COST AND QUALITY OF EMPLOYEE HEALTH CARE IN THE FUTURE, OPPORTUNITIES AND CHALLENGES, PRIORITY ISSUES, AND THE IMPACT ON HOSPITALS, BUSINESSES AND THE STATE A GROUP OF INDUSTRY EXPERTS FROM MADISON, WI AND KEY NOTE PRESENTER, MARY BRAINERD, PRESIDENT AND CEO, HEALTHPARTNERS PROVIDED THEIR PERSPECTIVES THE HOSPITAL CONTINUED ON ITS ECO-FRIENDLY JOURNEY USING SUSTAINABLE BUSINESS PRACTICES IN ORDER TO PROVIDE HEALTH CARE THAT'S HEALTHY GREEN INITIATIVES INCLUDED THE RECYCLING PROGRAM, COMMUNITY SHARPS DISPOSAL SITE, CREATION OF THE COMMUNITY GARDEN AT THE HOSPITAL IN SUPPORT OF HEALTHIER TOGETHER, AND THE COMMUNITY LABYRINTH THE HOSPITAL ALSO PARTICIPATES IN COMMUNITY SUPPORTED AGRICULTURE AND SERVES AS A DISTRIBUTION SITE FOR LOCALLY-GROWN FRESH, ORGANIC PRODUCE FOR THE COMMUNITY AND PARTICIPATING EMPLOYEES COMMUNITY BENEFIT OPERATIONS - \$121,209 COSTS ASSOCIATED WITH DEDICATED STAFF, PROGRAM OPERATIONS, RESOURCE EXPENSES, TRAINING, TRAVEL, WHA SURVEY COMPLETION, COMMUNITY HEALTH IMPROVEMENT PROCESS EXPENSES, COST OF FUNDRAISING FOR COMMUNITY BENEFIT PROGRAMS, 2009 REPORT TO COMMUNITY (PUBLICALLY AVAILABLE ON THE HOSPITAL'S WEBSITE) - ANNUAL COMMUNITY BENEFIT REPORT AND LAUNCH EVENT, AND OTHER PROGRAM EXPENSES TOTALED \$121,209 THIS INVESTMENT REFLECTS THE HOSPITAL'S COMMITMENT TO THE COMMUNITY BENEFIT PROGRAM AND REPORTING PROCESS THE HOSPITAL "TELLS ITS STORY" IN ITS ANNUAL REPORT TO COMMUNITY TITLED "EACH DAY, HEALTHIER TOGETHER " THE REPORT, NOW AN ONLINE MICRO SITE (LIMITED REPORT PRINT QUANTITIES AVAILABLE) SUPPORTS THE HOSPITAL'S GREEN INITIATIVE AND SHARES HOSPITAL ACCOMPLISHMENTS, SUPPORT EFFORTS OF THE HOSPITAL FOUNDATION, AND LIFE-CHANGING VIDEOS FROM MEMBERS OF THE COMMUNITY</p>

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		AS OF JANUARY 1, 2009, THE CORPORATE MEMBERS OF THE HOSPITAL ARE GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC THESE SAME ENTITIES ARE ALSO THE CORPORATE MEMBERS OF WESTFIELDS HOSPITAL, INC , A CRITICAL ACCESS HOSPITAL IN NEW RICHMOND, WISCONSIN GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC ARE PART OF THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF NOT MORE THAN THIRTEEN (13) PERSONS APPOINTED AS FOLLOWS (AMENDED BY LAWS, ART II, SECT 2) - SEVEN (7) COMMUNITY DIRECTORS NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC - THREE (3) DIRECTORS APPOINTED BY GROUP HEALTH PLAN, INC , ONE OF WHOM MAY BE A PHISICIAN AND ONE OF WHOM MAY BE THE CHIEF EXECUTIVE OFFICER OF REGIONS HOSPITAL - ONE (1) DIRECTOR WHO IS A MEMBER OF THE ACTIVE MEDICAL STAFF OF THE HOSPITAL AND APPOINTED BY WESTERN WISCONSIN MEDICAL ASSOCIATES, S C OR BY THE LARGEST ACTIVE PRIMARY CARE PHYSICIAN GROUP SERVING THE HOSPITAL - ONE (1) DIRECTOR SHALL BE THE HOSPITAL'S CHIEF OF STAFF - ONE (1) DIRECTOR SHALL BE A PHYSICIAN NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE HOSPITAL'S CORPORATE MEMBERS - RH-WISCONSIN, INC AND GROUP HEALTH PLAN, INC - JOINTLY APPROVE THE FOLLOWING ACTIONS OF THE BOARD OF DIRECTORS OR INITIATE THESE ACTIONS DIRECTLY (AMENDED BY LAWS, ART III, SECT 1) - AMENDMENT OF THE ARTICLES, BY LAWS OR OTHER GOVERNING DOCUMENTS - APPROVAL OF THE ADDITION OR DELETION OF MAJOR SERVICE LINES - SALE, LEASE, MORTGAGE OR PLEDGE OF ANY REAL ESTATE OR INTEREST THEREIN, OR OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS - ADOPTION OF AMENDMENT OF A STRATEGIC PLAN, AND CAPITAL AND OPERATING BUDGETS - APPROVAL OF UNBUDGETED CAPITAL EXPENDITURES - APPROVAL OF BORROWING OR LENDING OF FUNDS IN EXCESS OF ONE MILLION DOLLARS - MERGER, CONSOLIDATION, AFFILIATION OR JOINT VENTURE WITH ANY OTHER ENTITY AND TRANSFER OR CONTRIBUTION OF ASSETS AND FUNDS TO SEPARATE ENTITIES - ESTABLISHMENT OR DIVESTITURE OF ENTITIES OF WHICH THE HOSPITAL HAS AN EQUITY OR MANAGEMENT INTEREST, OR ESTABLISHMENT OF ANY SIGNIFICANT AND CONTINUING RELATIONSHIP WITH ANY ENTITY - APPOINTMENT AND REMOVAL OF THE HOSPITAL'S PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS - DISSOLUTION AND DISTRIBUTION OF ASSETS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE HOSPITAL'S 990 RETURN HAS A COMPREHENSIVE REVIEW PROCESS THAT IS FOLLOWED BEFORE IT IS PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. THE REVIEW PROCESS INCLUDES A LAYERED REVIEW BY THE TAX DEPARTMENT OF GROUP HEALTH PLAN, INC. (GHI), THE MANAGEMENT TEAM OF THE HOSPITAL, GHI'S INTERNAL LEGAL DEPARTMENT AND HEALTHPARTNERS, INC.'S OUTSIDE INDEPENDENT ACCOUNTANTS. EACH ONE OF THOSE AREAS HAS AN OPPORTUNITY TO REVIEW, ASK QUESTIONS AND MAKE COMMENTS BACK TO THE TAX DEPARTMENT OF GHI BEFORE THE FORM 990 IS COMPLETED AND PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. ONCE THAT REVIEW PROCESS HAS BEEN COMPLETED, IT IS THE POLICY OF THE HOSPITAL TO MAKE AVAILABLE TO THE FINANCE AND AUDIT COMMITTEE OF ITS BOARD OF DIRECTORS, AND TO ITS BOARD OF DIRECTORS, A COPY OF THE 990 PRIOR TO THE FILING OF THE 990 RETURN. THIS COPY IS PROVIDED TO THE FINANCE AND AUDIT COMMITTEE AND THE FULL BOARD OF DIRECTORS IN A PRE-MEETING PACKET, AND IS AN AGENDA ITEM AT THE COMMITTEE MEETING. THIS PROCESS IS NOTED AND DOCUMENTED IN THE WRITTEN COMMITTEE MINUTES OF THE MEETING. THESE MINUTES ARE PRESENTED TO THE FULL BOARD OF DIRECTORS.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	AS REQUIRED BY THE BYLAWS OF THE HOSPITAL, THE BOARD MONITORS POTENTIAL CONFLICTS OF INTEREST ON THE PART OF ITS BOARD MEMBERS, OFFICERS AND KEY EMPLOYEES BY MAINTAINING A CONFLICT OF INTEREST POLICY UNDER THE POLICY, ALL BOARD MEMBERS, PRINCIPAL OFFICERS, MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS AND KEY EMPLOYEES ANNUALLY ARE PROVIDED WITH A COPY OF THE POLICY AND REQUESTED TO COMPLETE A QUESTIONNAIRE IDENTIFYING ANY POTENTIAL CONFLICTS OF INTEREST THE GENERAL COUNSEL WILL SUMMARIZE THE FINDINGS FOLLOWING REVIEW OF THE QUESTIONNAIRE AND SUBMIT A REPORT TO THE CHAIR AND HOSPITAL PRESIDENT BOARD AGENDAS AND EXECUTIVE DECISIONS ARE MONITORED IN RELATION TO THIS POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE HOSPITAL'S PRESIDENT AND CHIEF FINANCIAL OFFICER (CFO) ARE EMPLOYEES OF REGIONS HOSPITAL (REGIONS), A RELATED ORGANIZATION WHICH HAS AN ANNUAL PROCESS TO REVIEW THE MARKET COMPARABILITY OF THE TOTAL COMPENSATION OF THE HOSPITAL'S PRESIDENT AND CFO EACH YEAR, UNDER THE DIRECTION OF THE REGIONS BOARD OF DIRECTORS' COMPENSATION COMMITTEE, AN ANNUAL TOTAL COMPENSATION MARKET REVIEW IS COMPLETED THE REVIEW INCLUDES ALL COMPONENTS OF COMPENSATION, BASE SALARY, ANNUAL INCENTIVES, BENEFITS AND PERQUISITES THE MARKET SURVEY RESULTS ARE PRESENTED TO, REVIEWED BY AND APPROVED BY THE COMPENSATION COMMITTEE OF REGIONS THE COMPENSATION COMMITTEE'S MARKET REVIEW PROCESS AND SUBSEQUENT DECISIONS INCLUDE THE FOLLOWING ELEMENTS - INDEPENDENT BODY - COMMITTEE MEMBERS COMPLETE AN ANNUAL CONFLICT OF INTEREST SURVEY TO ASSURE THE COMMITTEE MEMBERS' INDEPENDENCE - STAFF IS NOT IN ROOM DURING DELIBERATIONS OR VOTE INCLUDING EXECUTIVE SESSIONS - AUTHORIZED BODY - REGIONS' BOARD OF DIRECTORS HAS DELEGATED TO THE COMPENSATION COMMITTEE THE ACCOUNTABILITY AND AUTHORITY TO REVIEW AND APPROVE THE COMPARABILITY DATA OF ALL OFFICERS AND ASSOCIATE MEDICAL DIRECTORS - REGIONS' BOARD OF DIRECTORS HAS DELEGATED TO THE COMPENSATION COMMITTEE THE ACCOUNTABILITY TO CONDUCT AN ANNUAL PERFORMANCE EVALUATION AND TO DETERMINE THE COMPENSATION OF ALL OFFICERS BASED ON THE PERFORMANCE REVIEW AND THE MARKET COMPARABILITY DATA - COMPARABILITY DATA - EVERY THREE YEARS, THE COMPENSATION COMMITTEE RETAINS AN INDEPENDENT COMPENSATION EXPERT TO CONDUCT AN EXTENSIVE MARKET COMPARABILITY SURVEY FOR ALL OFFICERS OF THE ORGANIZATION WITH THE INPUT OF THE CONSULTANT, THE COMPENSATION COMMITTEE DETERMINES APPROPRIATE PEER GROUPS INCLUDING BOTH LOCAL AND NATIONAL PEER GROUPS THE SURVEY CONSIDERS EACH ELEMENT OF TOTAL COMPENSATION AND AGGREGATE TOTAL COMPENSATION BASED ON THIS DATA, THE COMPENSATION COMMITTEE DETERMINES MINIMUM AND MAXIMUM TOTAL COMPENSATION RANGES FOR EACH OFFICER IN INTERIM YEARS, THE REGIONS HR DEPARTMENT, UNDER THE COMPENSATION COMMITTEE'S DIRECTION USES THE SAME RECOGNIZED THIRD PARTY SALARY SURVEYS TO DETERMINE MEDIAN SALARY STRUCTURE CHANGES AND AVERAGE SALARY INCREASES BASED ON THIS UPDATED DATA, THE COMPENSATION COMMITTEE DETERMINES THE TOTAL COMPENSATION RANGES FOR EACH OFFICER - THE ELEMENTS OF TOTAL COMPENSATION ARE SALARY, INCENTIVES, BENEFITS AND PERQUISITES - PROPER CONTEMPORANEOUS DOCUMENTATION - MINUTES OF THE COMPENSATION COMMITTEE ARE PREPARED AFTER EACH MEETING AND APPROVED AT THE NEXT MEETING - TOTAL COMPENSATION IS APPROPRIATELY REPORTED ON THE FORM 990 AND ON THE EMPLOYEE'S W-2 THE HOSPITAL'S OTHER OFFICERS ARE EMPLOYEES OF THE HOSPITAL THE HOSPITAL COMPENSATION PROGRAM CONSISTS OF KEY POINTS - SALARY RANGES ARE DETERMINED BY UTILIZING PUBLISHED SALARY SURVEY DATA AND LOCAL JOB MARKET INFORMATION (TYPICALLY HRRAM'S ANNUAL SURVEY) - RANGES ARE UPDATED ANNUALLY DURING MAY BY THE HOSPITAL'S HR DEPARTMENT - RANGES ARE POSITION SPECIFIC AND ARE 95-100% OF THE TWIN CITY MARKET OR 100% OF THE WI DATA (THE HIGHER OF THE TWO) - REGIONS COMPENSATION DEPARTMENT IS REFERENCED FOR NON-MATCHING POSITIONS WITH HRRAM DATA - WISCONSIN HOSPITAL ASSOCIATION (WHA) SALARY SURVEY IS ALSO REFERENCED FOR SENIOR LEADERS AND EXECUTIVE POSITIONS - PLACEMENT IN THE RANGE IS DETERMINED BY JOB DESCRIPTION REQUIREMENTS, INCLUDING EDUCATION, TRAINING, EXPERIENCE, LENGTH OF TIME IN THE POSITION, AND PERFORMANCE IN THE POSITION - POSITIONS WITHIN MANAGEMENT COUNCIL UTILIZE THE COMPA-RATIO FOR REVIEW OF SALARY RANGES TYPICALLY MANAGERS WILL BE 0.90 OR GREATER, DEPENDING ON SKILLS, MANAGEMENT EXPERIENCE, ETC</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL FINANCIAL STATEMENTS AND 990 RETURNS ARE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION FROM THE HOSPITAL THE HOSPITAL'S ARTICLES OF INCORPORATION ARE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION THROUGH THE WISCONSIN SECRETARY OF STATE'S OFFICE THE HOSPITAL'S CONFLICT OF INTEREST POLICY CAN BE VIEWED THROUGH THE HUDSON HOSPITAL.ORG WEBSITE

Identifier	Return Reference	Explanation
AVERAGE HOURS - RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, LINE 1A, COLUMN (B)	DIRECTORS AND OFFICERS OF THE HOSPITAL ARE EMPLOYED AND COMPENSATED BY GROUP HEALTH PLAN, INC , REGIONS HOSPITAL, OR THE HOSPITAL REPORTED AVERAGE HOURS WORKED ARE BASED ON THEIR TOTAL COMPENSATION FROM ALL RELATED ORGANIZATIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CONTRIBUTION OF LONG-LIVED ASSETS 30,073 INCREASE IN INTEREST IN NET ASSETS OF HUDSON HOSPITAL FOUNDATION 335,820 TRANSFER OF NET ASSETS TO HUDSON HOSPITAL FOUNDATION, INC -129,455 TOTAL TO FORM 990, PART XI, LINE 5 236,438

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HEALTHPARTNERS ADMINISTRATORS INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1629390	THIRD PARTY ADMINISTRATOR	MN	HEALTHPARTNERS INC	C			
(2) HEALTHPARTNERS ASSOCIATES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 52-2365151	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			
(3) HEALTHPARTNERS SERVICES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1683568	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			
(4) HEALTHPARTNERS VENTURES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1838197	DEVELOP HEALTHCARE BUSINESS OPPORTUNITIES	MN	HEALTHPARTNERS INC	C			
(5) HEALTHPARTNERS INSURANCE COMPANY 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1683523	MEDICAL AND DENTAL INSURANCE	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			

Part V

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

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

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 (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) HUDSON HOSPITAL FOUNDATION INC	B	129,455	CASH AMOUNT
(2) HUDSON HOSPITAL FOUNDATION INC	C	30,073	CASH AMOUNT
(3) HUDSON HOSPITAL FOUNDATION INC	L		
(4) HUDSON HOSPITAL FOUNDATION INC	M		
(5) HUDSON HOSPITAL FOUNDATION INC	N		
(6)			

Schedule R (Form 990) 2010

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**

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

Identifier	Return Reference	Explanation
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Software ID:

Software Version:

EIN: 39-0804125

Name: HUDSON HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501 (c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
HEALTHPARTNERS INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1693838	HYBRID STAFF MODEL/NETWORK MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C)(4)		N/A		No
GROUP HEALTH PLAN INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-0797853	STAFF MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C)(3)	170(B)(1) (A) (III)	HEALTHPARTNERS INC		No
HUDSON HOSPITAL FOUNDATION INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 39-1279567	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C)(3)	170(B)(1) (A) (VI)	HUDSON HOSPITAL INC		No
RH-WISCONSIN 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 20-2287016	CORPORATE PLANNING AND OVERSIGHT	WI	501(C)(3)	509(A)(3) TYPE II	HPI - RAMSEY		No
HEALTHPARTNERS CENTRAL MINNESOTA CLINICS INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1236798	PRIMARY AND SPECIALTY PATIENT CARE	MN	501(C)(3)	170(B)(1) (A) (III)	GROUP HEALTH PLAN INC		No
HPI - RAMSEY 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1793333	CORPORATE PLANNING AND OVERSIGHT	MN	501(C)(3)	509(A)(3) TYPE I	HEALTHPARTNERS INC		No
HEALTHPARTNERS INSTITUTE FOR MEDICAL EDUCATION 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1835843	MEDICAL EDUCATION	MN	501(C)(3)	509(A)(3) TYPE I	HEALTHPARTNERS INC		No
HEALTHPARTNERS RESEARCH FOUNDATION 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1670163	HEALTHCARE RESEARCH	MN	501(C)(3)	509(A)(3) TYPE I	GROUP HEALTH PLAN INC		No
CAPITAL VIEW TRANSITIONAL CARE CENTER 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-2011453	POST HOSPITALIZATION PATIENT CARE	MN	501(C)(3)	170(B)(1) (A) (III)	HPI - RAMSEY		No
RAMSEY INTEGRATED HEALTH SERVICES 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1503090	IN-HOME PATIENT CARE	MN	501(C)(3)	509(A)(3) TYPE II	HPI - RAMSEY		No
REGIONS HOSPITAL 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-0956618	HOSPITAL	MN	501(C)(3)	170(B)(1) (A) (III)	HPI - RAMSEY		No
REGIONS HOSPITAL FOUNDATION 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1888902	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	MN	501(C)(3)	170(B)(1) (A) (VI)	HPI - RAMSEY		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501 (c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
RHSC INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 41-1891928	HEALTHCARE STAFFING	MN	501(C)(3)	509(A)(3) TYPE II	HEALTHPARTNERS INC		No
WESTFIELDS HOSPITAL INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 39-0808442	HOSPITAL	WI	501(C)(3)	170(B)(1) (A)(III)	RH-WISCONSIN		No
WESTFIELDS HOSPITAL FOUNDATION INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 39-1770913	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C)(3)	509(A)(3) TYPE I	WESTFIELDS HOSPITAL INC		No
PHYSICIANS NECK AND BACK CLINICS 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 27-0684883	SPECIALTY PATIENT CARE	MN	501(C)(3)	509(A)(3) TYPE II	GROUP HEALTH PLAN INC		No
WVestern Wisconsin Emergency Medical Services Company 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN554401309 26-3616590	PROVIDE MEDICAL TRANSPORT SERVICES	WI	501(C)(3)	509(A)(3) TYPE II	RH-WISCONSIN		No



HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

HUDSON HOSPITAL, INC. AND SUBSIDIARY

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Hudson Hospital, Inc

We have audited the accompanying consolidated balance sheets of Hudson Hospital, Inc and subsidiary (Hudson Hospital) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Hudson Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hudson Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hudson Hospital, Inc and subsidiary as of December 31, 2010 and 2009, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2011 on our consideration of Hudson Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was made for the purpose of forming an opinion on the 2010 consolidated financial statements taken as a whole. The 2010 consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the balance sheet and statement of operations of the individual entities. The 2010 consolidating schedules have been subjected to the auditing procedures applied in the audit of the 2010 basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2010 basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local*



Governments, and Non-Profit Organizations, and is not a required part of the consolidated basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

Minneapolis, Minnesota
April 27, 2011

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2010 and 2009

Assets	2010	2009
Current assets		
Cash and cash equivalents	\$ 11,568,578	9,373,285
Investments	1,327,427	1,050,705
Assets limited as to use required for current liabilities	984,721	985,818
Patient receivables, less allowance for uncollectible accounts (\$8,783,694 in 2010 and \$7,959,508 in 2009)	8,054,963	5,686,101
Intercompany receivables	—	68,692
Affiliate receivables	70,814	84,753
Other receivables	231,711	196,935
Inventories	954,620	864,440
Prepaid expenses	207,454	1,075,003
Total current assets	23,400,288	19,385,732
Assets limited as to use	5,248,157	4,902,552
Property and equipment, net	33,999,008	34,526,401
Other assets		
Pledges receivable – capital campaign, net of current portion	353,640	353,640
Deferred financing costs, net of accumulated amortization of \$201,315 in 2010 and \$174,473 in 2009	509,994	536,836
Investment in joint venture	211,511	155,970
Total other assets	1,075,145	1,046,446
Total assets	\$ 63,722,598	59,861,131
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 702,780	697,010
Accounts payable		
Trade	580,302	1,451,916
Intercompany	2,043,009	448,748
Affiliate	—	3,600
Accrued expenses		
Salaries, wages, and benefits	2,703,157	2,349,757
Real estate taxes	146,844	147,031
Interest	610,916	624,609
Deferred Revenue	19,354	—
Due to third parties	896,355	352,244
Total current liabilities	7,702,717	6,074,915
Long-term debt, less current maturities	22,905,000	23,607,956
Total liabilities	30,607,717	29,682,871
Net assets		
Unrestricted	32,425,222	29,525,033
Temporarily restricted	607,969	571,537
Permanently restricted	81,690	81,690
Total net assets	33,114,881	30,178,260
Total liabilities and net assets	\$ 63,722,598	59,861,131

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Operations

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue		
Net patient service revenue	\$ 43,748,064	42,199,390
Other revenue	4,505,080	4,692,237
Total revenue	<u>48,253,144</u>	<u>46,891,627</u>
Expenses		
Salaries and employee benefits	25,442,904	23,589,571
Supplies, Drugs and Minor Equipment	7,637,551	8,183,416
Purchased services and other	5,697,078	5,538,165
Facility Rent, Utilities and Maintenance	1,200,045	1,156,277
Depreciation and amortization	2,913,270	2,818,336
Provision for bad debts	1,481,522	1,454,972
Interest	1,342,164	1,373,847
Total expenses	<u>45,714,534</u>	<u>44,114,584</u>
Net operating gain	<u>2,538,610</u>	<u>2,777,043</u>
Nonoperating gains (losses)		
Investment income	294,345	337,655
Loss on sale or disposal of equipment	(16,498)	(41,946)
Change in investment in joint venture	15,541	6,034
Unrestricted contributions	26,052	54,890
Total nonoperating gains	<u>319,440</u>	<u>356,633</u>
Excess of revenue over expenses	2,858,050	3,133,676
Redesignation of assets due to change in control of the		
Foundation	—	648,811
Net asset transfer from Hudson Health Corporation	—	69,792
Net assets released from restrictions	23,236	259,155
Other	18,903	(9,155)
Increase in unrestricted net assets	<u>\$ 2,900,189</u>	<u>4,102,279</u>

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted net assets – beginning balance	\$ 29,525,033	25,422,754
Excess of revenue over expenses	2,858,050	3,133,676
Redesignation of assets due to change in control of the Foundation	—	648,811
Net asset transfer from Hudson Health Corporation	—	69,792
Net assets released from restrictions	23,236	259,155
Other	18,903	(9,155)
Unrestricted net assets – ending balance	<u>32,425,222</u>	<u>29,525,033</u>
Temporarily restricted net assets – beginning balance	571,537	1,317,901
Redesignation of assets due to change in control of the Foundation	—	(648,811)
Contributions, pledges, and grants, net of expenses	78,571	151,984
Net assets released from restrictions	(23,236)	(259,155)
Other	(18,903)	9,618
Temporarily restricted net assets – ending balance	<u>607,969</u>	<u>571,537</u>
Permanently restricted net assets	<u>81,690</u>	<u>81,690</u>
Total beginning net assets	30,178,260	26,822,345
Increase in net assets	<u>2,936,621</u>	<u>3,355,915</u>
Total ending net assets	<u>\$ 33,114,881</u>	<u>30,178,260</u>

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 2,936,621	3,355,915
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,886,428	2,818,336
Provision for bad debts	1,481,522	1,454,972
Loss on sale or disposal of property and equipment	16,498	41,946
Change in net realized gains and losses on investments	(142,592)	(124,414)
Change in investment in joint venture	(15,541)	(6,034)
Amortization of deferred financing costs	26,842	26,842
Net change in pledge discounts and pledges written off	—	29,514
(Increase) decrease in		
Patient receivables – net	(3,850,384)	(1,128,309)
Intercompany receivables	68,692	(68,692)
Affiliate receivables	13,939	19,329
Other receivables	(34,776)	79,852
Inventories	(90,180)	(91,025)
Prepaid expenses	867,549	(592,501)
Increase (decrease) in		
Trade accounts payable	(871,614)	205,309
Intercompany payable	1,594,261	448,748
Affiliate accounts payable	(3,600)	(431,247)
Accrued expenses	372,567	81,126
Accrued interest payable	(13,693)	(12,638)
Third-party pay or settlement payable	544,111	152,244
Net cash provided by operating activities	<u>5,786,650</u>	<u>6,259,273</u>
Cash flows from investing activities		
Purchase of property and equipment	(2,375,533)	(2,656,536)
Purchase interest in Cancer Center of Western Wisconsin	(40,000)	—
Purchase of investments	(132,564)	(208,951)
Purchase of assets limited as to use	(346,074)	(541,689)
Net cash used in investing activities	<u>(2,894,171)</u>	<u>(3,407,176)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(697,186)	(667,549)
Change in pledges receivable	—	140,972
Net cash used in financing activities	<u>(697,186)</u>	<u>(526,577)</u>
Increase in cash and cash equivalents	2,195,293	2,325,520
Cash and cash equivalents – beginning	<u>9,373,285</u>	<u>7,047,765</u>
Cash and cash equivalents – ending	<u>\$ 11,568,578</u>	<u>9,373,285</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ 1,355,587	1,386,485

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

The Hudson Hospital, Inc. and subsidiary consolidated financial statements include the consolidated operations of Hudson Hospital, Inc. (the Hospital) and Hudson Hospital Foundation, Inc. (the Foundation), collectively referred to herein as Hudson Hospital. The Hospital is a not-for-profit corporation, incorporated under the laws of the state of Wisconsin. The Hospital is licensed as a 25-bed critical access acute care hospital located in Hudson, Wisconsin. The Foundation was established to provide financial support and assistance to Hudson area health facilities, community health education programs, education activities of students in healthcare fields, and for such other charitable purposes as determined by the Foundation's board of directors.

On December 19, 2008, the Hospital entered into a Membership Transfer Agreement (Agreement) among the Hospital, Hudson Health Corporation, the Foundation, Group Health Plan, Inc., and RH-Wisconsin HealthPartners, Inc. (HPI) is the parent organization of Group Health Plan, Inc. and RH-Wisconsin. The Agreement, which became effective January 1, 2009, transferred the Membership Interest of the Hospital to RH-Wisconsin and Group Health Plan, Inc. As a result of this transfer, the Hospital's legal name was changed to Hudson Hospital, Inc. In addition, the Hudson Health Corporation was dissolved and the Hudson Health Foundation, Inc. changed its name to the Hudson Hospital Foundation, Inc. and was reorganized as a direct subsidiary of the Hospital.

(b) Basis of Accounting

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, including contractual allowances, allowances for doubtful accounts receivable and charity care, due to third-party payors, general and professional liability claims that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

(e) Patient Receivables

The Hospital provides an allowance for uncollectible accounts based on management's judgment. Patients and residents are not required to provide collateral for services provided. Payment for services is required within 30 days of receipt of invoice. Past-due accounts are individually analyzed for collectibility and then turned over to collection agents. Accounts for which no payments have

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on historical experience of the Hospital.

(f) Inventories

The inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

(g) Investments

Hudson Hospital has classified its entire investment portfolio as trading, with unrealized gains and losses included in investment income. Unrealized gains and losses on temporarily restricted and permanently restricted investments are reported as temporary or permanently restricted, if the use of investment income is restricted by donors.

(h) Assets Limited as to Use

Held by Trustee under Bond Agreement

Consists of funds of the Hospital held by the Trustee under the bond indenture agreements for bond reserves and debt sinking funds.

Donor Restricted

Consists of deposits and investments at fair value set aside by the Foundation's board of directors for an endowment and for capital expenditures, and restricted by donors for capital and other expenditures.

(i) Unamortized Bond Issuance Costs

Unamortized bond issuance costs of the Hospital are being amortized over the period the obligation is outstanding, using the straight-line method, which approximates the effective interest rate method.

(j) Impairment of Long-Lived Assets

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related, expected future net cash flows be less than the carrying value, an impairment loss could be recognized dependent upon other considerations. There were no impairments taken in 2010 and 2009.

(k) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(l) *Pledges Receivable*

Pledges, less an allowance for estimated uncollectible amounts and discounts on pledges, are recorded as receivables and temporarily restricted net assets in the year the pledge is made, unless the donor explicitly states that the gift is to support current activities

(m) *Temporarily and Permanently Restricted Net Assets*

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

(n) *Excess of Revenue over Expenses*

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

(o) *Net Patient Service Revenue*

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments 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.

(p) *Charity Care*

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care, and therefore, they are not reported as revenue. Charges foregone for charity care amounted to \$587,196 and \$628,736 for the years ended December 31, 2010 and 2009, respectively.

(q) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to Hudson Hospital are reported at fair value at the date the promise is received. Conditional payments 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 net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as

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received are reported as unrestricted contributions in the accompanying consolidated financial statements

Hudson Hospital reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Hudson Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(r) Tax-Exempt Status

The Hospital and the Foundation are Wisconsin nonprofit corporations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Hudson Hospital's accounting policy provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Hudson Hospital recorded no liabilities in 2010 or 2009 for unrecognized tax benefits.

(s) Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 168, *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162* (The Codification). The Codification reorganized existing U.S. accounting and reporting standards issued by FASB and other related private sector standard setters into a single source of authoritative accounting principles arranged by topic. The Codification supersedes all existing U.S. accounting standards, all other accounting literature not included in the Codification (other than Securities and Exchange Commission guidance for publicly traded companies) is considered nonauthoritative. The Codification was effective on a prospective basis for interim and annual reporting periods ending after September 15, 2009. The adoption of the Codification changed the Hudson Hospital's references to U.S. GAAP accounting standards but did not impact Hudson Hospital's consolidated balance sheets or consolidated statements of operations.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements*, which is now part of Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosures* (ASC 820), establishing a framework for reporting fair value and expanding disclosures about fair value measurements. Hudson Hospital adopted the guidance in 2008 and has made the appropriate disclosures in note 4.

In February 2007, the FASB issued FASB Statement No. 159, which is now part of ASC 825, *Financial Instruments* (ASC 825), permitting an entity to elect fair value as the initial and subsequent measurement attribute for many financial assets and liabilities. Entities electing the fair value option are required to recognize changes in fair value in earnings. Hudson Hospital adopted the guidance in 2008 with no significant impact to the consolidated financial statements.

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In August 2008, the FASB issued Staff Position No 117-1, *Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which is effective for Hudson Hospital for the year ended December 31, 2008. FSP 117-1 also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. Hudson Hospital has adopted FSP 117-1 for the year ended December 31, 2008. The adoption had no effect on Hudson Hospital's consolidated net assets or the change in net assets.

(2) Net Patient Service Revenue

Third-Party Reimbursement Agreements

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

(a) Medicare

The Hospital has been designated a Critical Access Hospital (CAH) for Medicare reimbursement purposes. As a CAH, the Hospital is reimbursed for inpatient, swing bed, and outpatient services to Medicare patients on a reasonable cost basis. Medicare reimburses the Hospital for these services using interim rates, with a final settlement determined based on an annual cost report that is filed by the Hospital. This cost report is subject to audits by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through December 31, 2007.

(b) Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon reasonable cost subject to certain limits.

Net revenue from the Medicare and Medicaid programs accounted for approximately 26% and 7%, respectively, of the Hospital's net patient revenue for the year ended 2010, and 27% and 6%, respectively, of the Hospital's net patient revenue for the year ended 2009. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The 2010 and 2009 net patient service revenue increased approximately \$567,578 and \$295,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

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A summary of patient service revenue and contractual adjustments is as follows

	<u>2010</u>	<u>2009</u>
Gross patient service revenue	\$ 71,572,004	68,699,363
Contractual adjustments		
Medicare	(10,156,899)	(9,235,458)
Medicaid	(4,190,829)	(3,334,871)
Other allowances and adjustments	(13,476,212)	(13,929,644)
Total contractual adjustments	(27,823,940)	(26,499,973)
Net patient service revenue	\$ <u>43,748,064</u>	<u>42,199,390</u>

(3) Investments and Assets Limited as to Use

Investments, stated at fair value, at December 31, 2010 and 2009 include the following

	<u>2010</u>	<u>2009</u>
Mutual funds	\$ 1,327,427	1,050,705

Assets limited as to use, stated at fair value, at December 31, 2010 and 2009 follow

	<u>2010</u>	<u>2009</u>
Under bond agreement		
Cash and cash equivalents	\$ 3,461,922	3,110,803
U S Treasury obligations	1,412,977	1,418,001
Debt securities	984,721	985,818
	5,859,620	5,514,622
Less amounts shown as current	(984,721)	(985,818)
Total under bond agreement	4,874,899	4,528,804
Unemployment reserve and other		
Cash and cash equivalents	57,919	57,720
Certificates of deposit	315,339	315,339
Equity securities	—	689
Total unemployment reserve and other	373,258	373,748
Total assets limited as to use, net of current portion	\$ <u>5,248,157</u>	<u>4,902,552</u>

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Investment Income

Investment income and gains for investments and assets limited as to use and cash and cash equivalents comprise the following for the years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Interest income	\$ 151,753	213,241
Unrealized gain, net	142,592	124,414
Total	<u>\$ 294,345</u>	<u>337,655</u>

(4) Fair Value of Financial Instruments

All financial instruments are carried at fair value, except for long-term debt, which had a carrying value of \$23,605,000 and \$24,270,000 and a fair value of \$24,157,000 and \$24,752,000 at December 31, 2010 and 2009, respectively

The following methods and assumptions were used to estimate the fair value of each class of financial instruments

(a) Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those investments

(b) Investments and Assets Limited as to Use

The fair values are based on quoted market prices at the reporting date where available. For securities not actively traded, fair value is estimated based on investments with similar interest rates, credit quality, yield, and maturity.

(c) Long-term Debt

The fair value of the Hospital's long-term debt is estimated based on the quoted market prices for similar issues, as advised by the Hospital's investment bankers.

Hudson Hospital established a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The determination of the level within the hierarchy is based on the lower level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

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Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. The unobservable inputs reflect the Hospital's own assumptions.

Hudson Hospital has developed the following guidelines to report investments into the three-level hierarchy for establishing fair market measurements:

- Level 1 Active markets
Observable and highly liquid securities
Last trade price for identical securities
Dollar price quotes from broker/dealers for identical securities
- Level 2 Active but impaired markets
Quoted prices for similar assets
Observable inputs other than quoted prices
- Level 3 Illiquid or distressed markets
Unobservable inputs
Hudson Hospital designed models to calculate fair value

Hudson Hospital has classified its investments as cash and cash equivalents, U.S. Treasury obligations, debt securities, equity securities, and mutual funds.

The following is a description of the valuation methodologies used for investments held and carried at fair value:

The fair value of equity securities are based on quoted prices from national exchanges. The fair value of mutual funds prices are derived from the underlying security values and are based on quoted prices from national exchanges and commonly used third-party pricing services. Hudson Hospital obtains one price for each mutual fund primarily from a national exchange or third-party pricing service, which generally uses Level 1 and Level 2 inputs for the determination of fair value.

The following tables present the level within the fair value hierarchy at which the Hudson Hospital's financial assets and financial liabilities are measured on a recurring basis at December 31, 2010 and 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2010				
Invested assets				
Cash equivalents	3,835,180	—	—	3,835,180
U.S. Treasury obligations	1,412,977	—	—	1,412,977
Debt securities	—	984,721	—	984,721
Mutual funds	1,255,947	71,480	—	1,327,427
Total cash equivalents and investments at fair value	<u>\$ 6,504,104</u>	<u>1,056,201</u>	<u>—</u>	<u>7,560,305</u>

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2009				
Invested assets				
Cash equivalents	3,483,862	—	—	3,483,862
U S Treasury obligations	1,418,001	—	—	1,418,001
Debt securities	—	985,818	—	985,818
Equity securities	689	—	—	689
Mutual funds	986,294	64,411	—	1,050,705
Total cash equivalents and investments at fair value	<u>\$ 5,888,846</u>	<u>1,050,229</u>	<u>—</u>	<u>6,939,075</u>

(5) Pledges Receivable – Capital Campaign

Hudson Hospital received pledges from corporations and individuals in the community to raise funds for the construction of the campus. Unconditional promises to give at December 31, 2010 and 2009 are as detailed in the following schedule:

	<u>2010</u>	<u>2009</u>
Lighthouse Development, Inc	\$ —	20,000
The St. Paul Foundation	400,000	400,000
Other	—	8,437
	<u>400,000</u>	<u>428,437</u>
Less:		
Allowance for uncollectible pledges	—	(28,437)
Discount on pledges	(46,360)	(46,360)
Net pledges receivable	<u>353,640</u>	<u>353,640</u>

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(6) Property and Equipment

A summary of property, plant, and equipment at December 31 is as follows

	2010		2009	
	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Land	\$ 12,136,252	—	12,127,628	—
Land improvements	744,187	445,088	769,925	455,242
Buildings	29,388,511	12,949,212	29,150,319	11,313,397
Fixed equipment	11,263,546	6,139,188	9,431,790	5,576,653
Major movable equipment	—	—	145,813	75,258
Construction in progress	—	—	321,476	—
	<u>\$ 53,532,496</u>	<u>19,533,488</u>	<u>51,946,951</u>	<u>17,420,550</u>
Property, plant, and equipment, net		\$ 33,999,008		\$ 34,526,401

Construction in progress includes software development projects

(7) Investment in Joint Venture

The Hospital holds a 25% interest in St. Croix Valley Shared Services, Inc. d/b/a Adoray Home Health and Hospice. The Hospital accounts for its investment using the equity method.

In 2010, the Hospital entered into a joint venture with the Cancer Center of Western Wisconsin. At December 31, 2010, the Hospital holds a 23.7% interest in the Cancer Center.

The investment balance at December 31, 2010 and 2009 consists of the following:

	2010	2009
Beginning balance equity in Adoray earnings	\$ 155,970	149,936
Hospital's share of net income	15,541	6,034
Ending balance equity in Adoray earnings	171,511	155,970
Investment in Cancer Center of Western Wisconsin	40,000	—
Total joint venture investment	<u>\$ 211,511</u>	<u>155,970</u>

HUDSON HOSPITAL, INC. AND SUBSIDIARY

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December 31, 2010 and 2009

(8) Long-Term Debt

Long-term debt consists of the following at December 31, 2010 and 2009

Description	2010	2009
Wisconsin Health and Educational Facilities Authority FHA-Insured Mortgage Revenue Bonds, Series 2002, 3.0% to 5.7%, due in varying semiannual installments through January 2029	\$ 23,605,000	24,270,000
Capitalized lease obligations	2,780	34,966
Total long-term debt	23,607,780	24,304,966
Current maturities	(702,780)	(697,010)
Long-term debt, net of current maturities	\$ 22,905,000	23,607,956

Annual maturity requirements by year on long-term debt and capital lease obligations are as follows

	Long-term debt	Capital leases
Year ending December 31		
2011	\$ 700,000	2,780
2012	740,000	—
2013	780,000	—
2014	830,000	—
2015	875,000	—
Thereafter	19,680,000	—
Total	23,605,000	2,780

(a) *FHA-Insured Mortgage Revenue Bonds Series 2002*

Wisconsin Health and Educational Facilities Authority (WHEFA) FHA-Insured Mortgage Revenue Bonds (FHA Revenue Bonds), Series 2002 (Hudson Memorial Hospital, Inc. Project), were issued on behalf of Hudson Memorial Hospital, Inc. in the total original amount of \$27,475,000 in April 2002. Substantially all of the mortgaged property of the new Hospital campus is pledged as collateral on the FHA Revenue Bonds.

Principal and interest payments on the bonds are due each January 15 and July 15 through maturity of January 15, 2029. Interest rates on bonds range from 3.00% to 5.70%.

(b) *Leases*

Hudson Hospital leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

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The total cost and accumulated amortization of assets under capital lease are as follows

	<u>2010</u>	<u>2009</u>
Fixed equipment	\$ 156,014	156,014
Less accumulated amortization (included as depreciation and amortization on the accompanying consolidated financial statements)	<u>(93,608)</u>	<u>(62,406)</u>
	<u>\$ 62,406</u>	<u>93,608</u>

Lease expense on long-term operating leases was \$325,567 and \$273,625 for the years ended December 31, 2010 and 2009, respectively. Minimum future lease payments for the operating leases are as follows

	<u>Operating leases</u>
Year ending December 31	
2011	\$ 324,057
2012	329,409
2013	296,879
2014	171,850
2015	141,437
Thereafter	<u>312,362</u>
Total	<u>\$ 1,575,994</u>

(9) Temporarily and Permanently Restricted Net Assets

(a) *Permanently Restricted Net Assets*

The Foundation's endowment was established by the donor for which income is expendable to support the mission of the Foundation and is included in the investments account of the Foundation. As required by GAAP, net assets associated with endowment funds, including designated by the board of directors as to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Wisconsin's State Management of Institutional Funds Act (the Act) was effective in 1972, and amended through 1999. The board of directors of the Foundation has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance

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with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for their investment funds, including the permanent endowments that attempt to provide a balance of long-term capital appreciation, preservation of capital, and income production to support additional resources for the continuation and expansion of the charitable mission of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that outperform the S&P 500 Index.

Strategies Employed for Achieving Results

To satisfy its long-term capital appreciation and expected results, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within the risk constraints.

Spending Policy

The Foundation has a policy, based upon the intent of the donor-restricted endowed assets, to spend the earnings from the endowment fund for current operations to support the mission of the Foundation.

Permanently restricted net assets of \$81,690 are investments in perpetuity, the income of which is available for nursing scholarships and capital expenditures.

(b) *Temporarily Restricted Net Assets*

Temporarily restricted net assets are available for the following purposes at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Purchase of property and equipment	\$ 78,378	91,540
Nursing scholarships	6,298	4,853
Pledges	353,640	353,640
Interest in net assets of the Foundation	—	—
Other	169,653	121,504
	<u>\$ 607,969</u>	<u>571,537</u>

In 2010 and 2009, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose in the amounts of \$23,236 and \$259,155, respectively. These amounts are included in net assets released from restrictions in the consolidated financial statements.

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December 31, 2010 and 2009

(10) Clinic Lease

The Hospital has a Lease Agreement (Lease) with Western Wisconsin Medical Associates, S C (WWMA) for the buildings and equipment of the clinic facility located on the Hospital's campus. The Lease Agreement associated with the campus became effective on July 1, 2003 and extends until June 30, 2029. WWMA has the right to terminate the lease at the end of the 120th full month of the term, the 180th full month of the term, and the 240th full month of the term, and at no other time, subject to certain termination fees as specified in the Lease.

The annual base rent for the subsequent five years of the Lease, from July 1 to June 30, is noted below:

	<u>Amount</u>
Year ending June 30	
2011	\$ 558,599
2012	558,599
2013	558,599
2014	608,599
2015	608,599

In addition to the annual base rent, WWMA is responsible for additional rent payments including, but not limited to, real estate taxes, utilities, building operating costs, property/casualty insurance, future capital improvements, and other expenses. Total revenue recognized by the Hospital for rent was approximately \$538,867 and \$483,600 for the years ended December 31, 2010 and 2009, respectively, and is included in the consolidated statements of operations as other revenue.

(11) Affiliated Organizations

Key management personnel of the Hospital, including the chief executive officer and chief financial officer, are employees of Regions Hospital (Regions), a related organization of the Hospital and a subsidiary of HPI. The Hospital reimburses Regions for their salaries and benefits expenses. In addition, the Hospital also purchases certain emergency physician services, training services, and other items from HPI. The amounts paid to HPI in relation to these contracts and services amounted to \$8,678,101 and \$7,055,960 for the fiscal years ended 2010 and 2009, respectively. Amounts due to HPI as of December 31, 2010 and 2009 totaled \$2,043,009 and \$448,747, respectively.

(12) Pledged Assets

The State of Wisconsin allows organizations to invest in certificates of deposit to fund the State of Wisconsin unemployment reserve fund. At December 31, 2010 and 2009, the Hospital has a certificate of deposit at a local bank totaling \$315,339 to fund the unemployment reserve fund. As of December 31, 2010 and 2009, no amounts were drawn on the certificate of deposit.

(13) Defined Contribution Pension Plan

The Hospital has established a defined contribution plan for all its eligible employees. The Hospital contributes 3% of annual compensation for those plan participants contributing a minimum of 1% of their annual compensation. For those employees attaining 15 or more years of continuous service, the Hospital

HUDSON HOSPITAL, INC. AND SUBSIDIARY

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will contribute between 4% and 8% of the employees' annual compensation assuming the employee contributes an equal percentage. Pension expense for the years ended December 31, 2010 and 2009 was approximately \$392,280 and \$379,028, respectively.

(14) Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured by third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2010 and 2009 was as follows:

	2010	2009
Medicare	34%	20%
Medicaid	9	9
HMO/PPO	33	38
Commercial insurance	10	11
Private pay	14	22
Accounts receivable, net	100%	100%

(15) Commitments and Contingencies

Malpractice Insurance

The Hospital has professional liability insurance with limits of \$1,000,000 per claim and \$3,000,000 in aggregate for claims made during a policy year (claims-made basis). Losses in excess of the professional liability insurance are fully covered through the Hospital's mandatory participation in the Wisconsin Injured Patients and Families Compensation Fund. No liability for claims incurred but not reported as of the balance sheet date has been provided based on management's assessment of hospital-specific claim incurrals and reporting patterns.

Risk Management

Hudson Hospital is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the Hudson Hospital's policies.

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

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(16) Functional Expenses

Hudson Hospital provides general healthcare services, program services, and fund-raising services within its geographic location. Expenses related to providing these services are as follows:

	<u>2010</u>	<u>2009</u>
Healthcare services	\$ 40,495,635	39,769,149
General and administrative	5,180,901	4,423,240
Fund-raising	37,998	22,689
	<u>\$ 45,714,534</u>	<u>44,215,078</u>

(17) Subsequent Events

Hudson Hospital has evaluated subsequent events from the consolidated balance sheet date through April 27, 2011, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidating Schedule of Balance Sheet Information

December 31, 2010

Assets	Hospital	Foundation	Elimination	Consolidated
Current assets				
Cash and cash equivalents	\$ 11,449,919	118,659	—	11,568,578
Investments held at Foundation	—	1,327,427	—	1,327,427
Assets limited as to use required for current liabilities	984,721	—	—	984,721
Patient receivables, less allowance for uncollectible accounts	8,054,963	—	—	8,054,963
Affiliate receivables	70,814	128,112	(128,112)	70,814
Other receivables	231,711	—	—	231,711
Inventories	954,620	—	—	954,620
Prepaid expenses	207,454	—	—	207,454
Total current assets	21,954,202	1,574,198	(128,112)	23,400,288
Assets limited as to use	5,248,157	—	—	5,248,157
Property and equipment, net	33,996,118	2,890	—	33,999,008
Other assets				
Pledges receivable – capital campaign, net of current portion	353,640	—	—	353,640
Deferred financing costs, net of accumulated amortization	509,994	—	—	509,994
Interest in net assets of Hudson Hospital Foundation	1,565,712	—	(1,565,712)	—
Investment in joint venture	211,511	—	—	211,511
Total other assets	2,640,857	—	(1,565,712)	1,075,145
Total assets	\$ 63,839,334	1,577,088	(1,693,824)	63,722,598
Liabilities and Net Assets				
Current liabilities				
Current maturities of long-term debt	\$ 702,780	—	—	702,780
Accounts payable				
Trade	568,926	11,376	—	580,302
Intercompany	2,171,121	—	(128,112)	2,043,009
Affiliate	—	—	—	—
Accrued expenses				
Salaries, wages, and benefits	2,703,157	—	—	2,703,157
Real estate taxes	146,844	—	—	146,844
Interest	610,916	—	—	610,916
Deferred Revenue	19,354	—	—	19,354
Due to third parties	896,355	—	—	896,355
Total current liabilities	7,819,453	11,376	(128,112)	7,702,717
Long-term debt, less current maturities	22,905,000	—	—	22,905,000
Total liabilities	30,724,453	11,376	(128,112)	30,607,717
Net assets				
Unrestricted	31,195,529	1,229,693	—	32,425,222
Temporarily restricted	1,837,662	254,329	(1,484,022)	607,969
Permanently restricted	81,690	81,690	(81,690)	81,690
Total net assets	33,114,881	1,565,712	(1,565,712)	33,114,881
Total liabilities and net assets	\$ 63,839,334	1,577,088	(1,693,824)	63,722,598

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidating Schedule of Balance Sheet Information

December 31, 2009

Assets	Hospital	Foundation	Elimination	Consolidated
Current assets				
Cash and cash equivalents	\$ 9,327,709	45,576	—	9,373,285
Investments held at Foundation	—	1,050,705	—	1,050,705
Assets limited as to use required for current liabilities	985,818	—	—	985,818
Patient receivables, less allowance for uncollectible accounts	5,686,101	—	—	5,686,101
Intercompany receivables	68,692	—	—	68,692
Affiliate receivables	84,753	134,097	(134,097)	84,753
Other receivables	196,935	—	—	196,935
Inventories	864,440	—	—	864,440
Prepaid expenses	1,075,003	—	—	1,075,003
Total current assets	18,289,451	1,230,378	(134,097)	19,385,732
Assets limited as to use	4,902,552	—	—	4,902,552
Property and equipment, net	34,521,531	4,870	—	34,526,401
Other assets				
Pledges receivable – capital campaign, net of current portion	353,640	—	—	353,640
Deferred financing costs, net of accumulated amortization	536,836	—	—	536,836
Interest in net assets of Hudson Hospital Foundation	1,229,890	—	(1,229,890)	—
Investment in joint venture	155,970	—	—	155,970
Total other assets	2,276,336	—	(1,229,890)	1,046,446
Total assets	\$ 59,989,870	1,235,248	(1,363,987)	59,861,131
Liabilities and Net Assets				
Current liabilities				
Current maturities of long-term debt	\$ 697,010	—	—	697,010
Accounts payable				
Trade	1,446,558	5,358	—	1,451,916
Intercompany	582,845	—	(134,097)	448,748
Affiliate	3,600	—	—	3,600
Accrued expenses				
Salaries, wages, and benefits	2,349,757	—	—	2,349,757
Real estate taxes	147,031	—	—	147,031
Interest	624,609	—	—	624,609
Due to third parties	352,244	—	—	352,244
Total current liabilities	6,203,654	5,358	(134,097)	6,074,915
Long-term debt, less current maturities	23,607,956	—	—	23,607,956
Total liabilities	29,811,610	5,358	(134,097)	29,682,871
Net assets				
Unrestricted	28,575,827	949,206	—	29,525,033
Temporarily restricted	1,520,743	198,994	(1,148,200)	571,537
Permanently restricted	81,690	81,690	(81,690)	81,690
Total net assets	30,178,260	1,229,890	(1,229,890)	30,178,260
Total liabilities and net assets	\$ 59,989,870	1,235,248	(1,363,987)	59,861,131

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY
Consolidating Schedule of Statement of Operations Information
Year ended December 31, 2010

	<u>Hospital</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenue				
Net patient service revenue	\$ 43,748,064	—		43,748,064
Other revenue	4,371,837	133,243		4,505,080
Total revenue	48,119,901	133,243	—	48,253,144
Expenses				
Salaries and employee benefits	25,391,306	51,598		25,442,904
Supplies, Drugs and Minor Equipment	7,635,603	1,948		7,637,551
Purchased services and other	5,619,713	77,365		5,697,078
Facility Rent, Utilities and Maintenance	1,200,045	—		1,200,045
Depreciation and amortization	2,911,290	1,980		2,913,270
Provision for bad debts	1,481,522	—		1,481,522
Interest, net	1,342,164	—		1,342,164
Total expenses	45,581,643	132,891	—	45,714,534
Net operating gain	2,538,258	352	—	2,538,610
Nonoperating gains (losses)				
Investment income	136,834	157,511		294,345
Loss on sale or disposal of equipment	(16,498)	—		(16,498)
Change in investment in joint venture	15,541	—		15,541
Unrestricted contributions	26,052	—		26,052
Total nonoperating gains	161,929	157,511	—	319,440
Excess of revenue over expenses	2,700,187	157,863	—	2,858,050
Net assets released from restrictions	—	23,236		23,236
Other	18,903	—		18,903
Transfer of net assets to Hudson Hospital	30,067	(30,067)		—
Transfer of net assets to Hudson Hospital Foundation	(129,455)	129,455		—
Change in net assets of Hudson Hospital Foundation	335,820	—	(335,820)	—
Increase (decrease) in unrestricted net assets	\$ 2,955,522	280,487	(335,820)	2,900,189

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY
Consolidating Schedule of Statement of Operations Information
Year ended December 31, 2009

	<u>Hospital</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenue				
Net patient service revenue	\$ 42,199,390	—	—	42,199,390
Other revenue	4,527,664	164,573	—	4,692,237
Total revenue	46,727,054	164,573	—	46,891,627
Expenses				
Salaries and employee benefits	23,535,201	54,370	—	23,589,571
Supplies, Drugs and Minor Equipment	8,180,501	2,915	—	8,183,416
Purchased services and other	5,501,536	36,629	—	5,538,165
Facility Rent, Utilities and Maintenance	1,156,277	—	—	1,156,277
Depreciation and amortization	2,815,924	2,412	—	2,818,336
Provision for bad debts	1,454,972	—	—	1,454,972
Interest, net	1,373,847	—	—	1,373,847
Total expenses	44,018,258	96,326	—	44,114,584
Net operating gain	2,708,796	68,247	—	2,777,043
Nonoperating gains (losses)				
Investment income	172,761	164,894	—	337,655
Loss on sale or disposal of equipment	(41,946)	—	—	(41,946)
Change in investment in joint venture	6,034	—	—	6,034
Unrestricted contributions	54,890	—	—	54,890
Total nonoperating gains	191,739	164,894	—	356,633
Excess of revenue over expenses	2,900,535	233,141	—	3,133,676
Redesignation of assets due to change in control of the Foundation	648,811	—	—	648,811
Net asset transfer from Hudson Health Corporation	69,792	—	—	69,792
Net assets released from restrictions	259,155	—	—	259,155
Other	(9,155)	—	—	(9,155)
Transfer of net assets to Hudson Hospital	66,842	(66,842)	—	—
Transfer of net assets to Hudson Hospital Foundation	(134,097)	134,097	—	—
Change in net assets of Hudson Hospital Foundation	354,429	—	(354,429)	—
Increase (decrease) in unrestricted net assets	\$ 4,156,312	300,396	(354,429)	4,102,279

See accompanying independent auditors' report



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors
Hudson Hospital, Inc

We have audited the consolidated financial statements of Hudson Hospital, Inc and subsidiary (the Hospital) as of and for the year ended December 31, 2010, and have issued our report thereon dated April 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of the Hospital's management, the Board of Directors, others within the entity, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties

KPMG LLP

April 27, 2011



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

**Independent Auditors' Report on Compliance with Requirements That
Could have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133
and on the Schedule of Expenditures of Federal Awards**

The Board of Directors
Hudson Hospital, Inc

Compliance

We have audited the Hudson Hospital, Inc and subsidiary's (the Hospital) compliance with the types of compliance requirements described in the U S Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2010. The Hospital's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Hospital's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Hospital's compliance with those requirements.

In our opinion, the Hospital complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

Internal Control over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hospital's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the basic financial statements of the Hospital as of and for the year ended December 31, 2010, and have issued our report thereon dated April 27, 2011. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the Hospital's management, the Board of Directors, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 27, 2011

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Schedule of Expenditures of Federal Awards

Year ended December 31, 2010

<u>Federal grantor/program title</u>	<u>CFDA number</u>	<u>Outstanding loan amount</u>	<u>Federal expenditures</u>
U S Department of Housing and Urban Development FHA Insured 242 Program	14 128	\$ 22,040,976	22,040,976

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2010

(1) Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of the Hospital are included in the scope of the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (revised March, 2010, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted within the schedule of expenditures of federal awards.

(2) Summary of Significant Accounting Policies – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) is presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule includes all federal grants, contracts, and loans entered into by the Hospital that had activity during the fiscal year ended December 31, 2010.

Loans made to the Hospital by U.S. Department of Housing and Urban Development (HUD) are included as federal expenditures in the accompanying schedule of expenditures of federal awards. Loans outstanding with HUD total approximately \$22,040,976 as of December 31, 2010. For the year ended December 31, 2010, the Hospital had no subrecipients.

(3) Contingency

All federal financial assistance programs are subject to review and audit by the grantor agency. Such audits could lead to requests for reimbursements to the grantor agency for costs disallowed under the terms of the program. It is the opinion of management that all costs charged against the federal program are allowable under the regulations of the program.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

Year ended December 31, 2010

A. Summary of Auditors' Results

Financial Statements

- | | | |
|-----|---|-------------|
| (1) | Type of auditors' report issued | Unqualified |
| (2) | Internal control over financial reporting | |
| | • Material weaknesses identified | No |
| | • Significant deficiencies identified that are not considered to be material weaknesses | No |
| (3) | Noncompliance material to financial statements noted | No |

Federal Awards

- | | | |
|-----|--|-------------|
| (4) | Internal control over major program | |
| | • Material weakness identified | No |
| | • Significant deficiencies identified that are not considered to be material weaknesses | No |
| (5) | Type of auditors' report issued on compliance for major programs | Unqualified |
| (6) | Any audit findings that are required to be reported under Section 0 510(a) of Circular A-133 | No |
| (7) | Identification of major federal programs | |

	CFDA or contract no.	Amount
FHA insured 242 loan program	14 128	\$ 22,040,976

- | | | |
|-----|---|-----------|
| (8) | Dollar threshold used to distinguish between Type A and Type B programs | |
| | Federal | \$300,000 |
| (9) | Auditee qualified as a low-risk auditee under Section 0 530 of OMB Circular A-133 | Yes |

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

C. Findings and Questioned Costs Relating to Federal Awards

None