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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 07-01-2010 and ending 06-30-2011				
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 MUNSON MEDICAL CENTER		D Employer identification number 38-1362830	
	Doing Business As		E Telephone number (231) 935-5000	
	Number and street (or P O box if mail is not delivered to street address) PO BOX 1188			
	Room/suite		G Gross receipts \$ 463,304,755	
	City or town, state or country, and ZIP + 4 TRAVERSE CITY, MI 496851188			
	F Name and address of principal officer EDWIN A NESS 1105 SIXTH ST TRAVERSE CITY, MI 49684		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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			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 ▶	
J Website: ▶ WWW.MUNSONHEALTHCARE.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 1947	M State of legal domicile MI

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities AS A VITAL PART OF MUNSON HEALTHCARE, MUNSON MEDICAL CENTER EXISTS TO DELIVER COMPREHENSIVE QUALITY CARE TO PATIENTS IN PARTNERSHIP WITH PHYSICIANS		
	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	19
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	12
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	4,161
6 Total number of volunteers (estimate if necessary)	6	408	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,240	
b Net unrelated business taxable income from Form 990-T, line 34	7b	453	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	2,339,335	1,661,786
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	431,377,303	445,989,729
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	14,957,443	10,773,131
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,391,805	4,820,790
		453,065,886	463,245,436
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	50,778	50,294
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	213,178,649	220,681,498
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 573,220		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	198,083,904	205,231,661
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	411,313,331	425,963,453
	19 Revenue less expenses Subtract line 18 from line 12	41,752,555	37,281,983
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		527,853,976	572,910,970
21 Total liabilities (Part X, line 26)		296,258,478	266,902,186
22 Net assets or fund balances Subtract line 21 from line 20		231,595,498	306,008,784

Part II Signature Block					
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
Sign Here	▶ Signature of officer			2012-05-11 Date	
	▶ MARK A HEPLER CHIEF FINANCIAL OFFICER				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check if self-employed <input type="checkbox"/> PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no ▶
May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No					

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

AS A VITAL PART OF MUNSON HEALTHCARE, MUNSON MEDICAL CENTER EXISTS TO DELIVER COMPREHENSIVE QUALITY CARE TO PATIENTS IN PARTNERSHIP WITH PHYSICIANS

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes

☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes

☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the 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 \$ 385,683,927 including grants of \$ 50,294) (Revenue \$ 447,967,013)

EXPENSES INCURRED WHILE PROVIDING HOSPITAL SERVICES TO THE RESIDENTS OF TRAVERSE CITY, MICHIGAN AND THE SURROUNDING AREA WHILE FULFILLING THE HOSPITAL'S MISSION TO PROVIDE HEALTHCARE IN THE COMMUNITY

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 \$ 385,683,927

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 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts 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	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, 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	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	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	Yes	
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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
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	Yes	
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 checked="" type="checkbox"/> Yes <input 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	Yes	
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	382
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	4,161
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response 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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	Yes	
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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)	Yes	
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?	Yes	
16b	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?		No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input 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 ▶ MUNSON HEALTHCARE 3668 N US 31 S TRAVERSE CITY, MI 49684 (231) 935-7777

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

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

Form **990** (2010)

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			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,414,377	630,634	638,856

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▶124

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

Section B. Independent Contractors

1

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
HOSPITALISTS OF NORTHWEST MICHIGAN 1105 SIXTH ST TRAVERSE CITY, MI 49684	MEDICAL SERVICE	4,853,078
SODEXO INC AND AFFILIATES 4880 PAYSPIRE CIRCLE CHICAGO, IL 60674	DIETARY	1,409,009
PULMONARY AND CRITICAL CARE PHYSICI 5087 N ROYAL DR TRAVERSE CITY, MI 49684	MEDICAL SERVICE	1,329,682
MAYO COLLABORATIVE SERVICES PO BOX 9146 MINNEAPOLIS, MN 55480	LABORATORY SRV	1,251,055
CARDIOTHORACIC SURGEONS GT PC 107 S CASS ST TRAVERSE CITY, MI 49684	MEDICAL SERVICE	1,124,879
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 ▶55		

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		885,750			
	e Government grants (contributions) 1e		625,748			
	f All other contributions, gifts, grants, and similar amounts not included above 1f		150,288			
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f		1,661,786			
	Program Service Revenue			Business Code		
2a MEDICARE AND MEDICAID PMTS		621990	239,865,000	239,865,000		
b PATIENT SERVICE REVENUE		621990	200,416,188	200,416,188		
c HEALTH SERVICE REVENUE		621990	2,891,429	2,891,429		
d SERVICES TO OTHER ORGANIZATIO		621990	2,377,970	2,377,970		
e RENT FROM RELATED ORGS		531120	439,142	439,142		
f All other program service revenue						
g Total. Add lines 2a-2f			445,989,729			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)			5,228,819	1,975,044	3,253,775
	4 Income from investment of tax-exempt bond proceeds . .					
	5 Royalties					
			(i) Real	(ii) Personal		
	6a Gross Rents		248,062			
	b Less rental expenses					
	c Rental income or (loss)		248,062			
	d Net rental income or (loss)			248,062		248,062
			(i) Securities	(ii) Other		
	7a Gross amount from sales of assets other than inventory		5,502,373	57,438		
	b Less cost or other basis and sales expenses			15,499		
	c Gain or (loss)		5,502,373	41,939		
	d Net gain or (loss)			5,544,312		5,544,312
	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 . .			2,240	2,240		
Miscellaneous Revenue		Business Code				
11a CAFETERIA SALES		722210	3,572,151		3,572,151	
b MISCELLANEOUS		621990	613,614		613,614	
c AUXILIARY GIFT SHOP		446199	384,723		384,723	
d All other revenue						
e Total. Add lines 11a-11d			4,570,488			
12 Total revenue. See Instructions			463,245,436	447,964,773	2,240	13,616,637

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	50,294	50,294		
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	2,798,979		2,760,119	38,860
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	214,490		214,490	
7	Other salaries and wages	162,924,810	145,629,853	17,294,957	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,000,272	15,197,453	1,802,819	
9	Other employee benefits	25,860,616	22,853,565	3,007,051	
10	Payroll taxes	11,882,331	10,454,223	1,425,819	2,289
a	Fees for services (non-employees) Management				
b	Legal	591,142		591,142	
c	Accounting	207,123		207,123	
d	Lobbying	8,122		8,122	
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	37,762,818	32,064,906	5,165,841	532,071
12	Advertising and promotion	386,990	94,996	291,994	
13	Office expenses	105,779,547	104,083,832	1,695,715	
14	Information technology	8,835,579	2,757,375	6,078,204	
15	Royalties				
16	Occupancy	7,854,825	7,003,533	851,292	
17	Travel	832,994	762,395	70,599	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	688,682	446,479	242,203	
20	Interest	2,351,805	2,129,324	222,481	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	26,519,278	24,016,414	2,502,864	
23	Insurance	3,999,605	3,576,098	423,507	
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	BAD DEBT	14,518,191	14,518,191		
b	REPAIRS AND MAINTENANCE	5,143,024	4,642,868	500,156	
c	MISCELLANEOUS	1,698,339	1,218,192	480,147	
d	REALIZED SWAP EXPENSE	1,575,086		1,575,086	
e	DUES AND SUBSCRIPTIONS	515,803	291,111	224,692	
f	All other expenses	-14,037,292	-6,107,175	-7,930,117	
25	Total functional expenses. Add lines 1 through 24f	425,963,453	385,683,927	39,706,306	573,220
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				73,924	1	437,164
	2	Savings and temporary cash investments				67,875,851	2	76,860,787
	3	Pledges and grants receivable, net				44,991	3	34,866
	4	Accounts receivable, net				50,218,599	4	59,782,632
	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				10,855,157	8	12,007,491
	9	Prepaid expenses and deferred charges				8,111,013	9	8,348,302
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	473,646,541				
	b	Less: accumulated depreciation	10b	235,863,400	236,491,601	10c	237,783,141	
	11	Investments—publicly traded securities			141,154,640	11	163,883,298	
	12	Investments—other securities. See Part IV, line 11			7,390,786	12	8,607,757	
	13	Investments—program-related. See Part IV, line 11				13		
	14	Intangible assets				14	557,485	
	15	Other assets. See Part IV, line 11			5,637,414	15	4,608,047	
	16	Total assets. Add lines 1 through 15 (must equal line 34)			527,853,976	16	572,910,970	
Liabilities	17	Accounts payable and accrued expenses			40,083,572	17	39,228,366	
	18	Grants payable				18		
	19	Deferred revenue			127,580	19	63,076	
	20	Tax-exempt bond liabilities			132,699,291	20	129,001,841	
	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			123,348,035	25	98,608,903	
	26	Total liabilities. Add lines 17 through 25			296,258,478	26	266,902,186	
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			229,338,073	27	302,895,376	
	28	Temporarily restricted net assets			2,257,425	28	3,113,408	
	29	Permanently restricted net assets				29		
	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			231,595,498	33	306,008,784	
	34	Total liabilities and net assets/fund balances			527,853,976	34	572,910,970	

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	463,245,436
2	Total expenses (must equal Part IX, column (A), line 25)	2	425,963,453
3	Revenue less expenses Subtract line 2 from line 1	3	37,281,983
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	231,595,498
5	Other changes in net assets or fund balances (explain in Schedule O)	5	37,131,303
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	306,008,784

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 checked="" type="checkbox"/> Separate basis <input 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 MUNSON MEDICAL CENTER	Employer identification number 38-1362830
---	--

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 IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 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).

Additional Data

Software ID:

Software Version:

EIN: 38-1362830

Name: MUNSON MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(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			
EDWIN A NESS PRESIDENT	12 00	X		X				637,756	0	139,446
DAVID WRIGHT MD PRES MED STA	8 00	X						25,000	0	0
THOMAS G MCINTYRE TRUSTEE	4 00	X						0	24,500	0
ROBERT W SPRUNK FORMER CHAIR	8 00	X		X				24,500	0	0
CARL G BENNER MD TRUSTEE	4 00	X						12,500	0	0
DANIEL T WOLF TRUSTEE	4 00	X						0	12,500	0
DAVID FRIAR MD TRUSTEE	4 00	X						12,500	0	0
GORDON H WINSTANLEY TRUSTEE	4 00	X						12,500	0	0
JOHN ERB CHAIR	8 00	X		X				12,500	0	0
JOSEPH KOSTRZEWA TRUSTEE	4 00	X						12,500	0	0
MICHAEL D SIMPSON TRUSTEE	4 00	X						12,500	0	0
NANCY FISHER TRUSTEE	4 00	X						12,500	0	0
PATRICK E HEINTZ TREASURER	6 00	X		X				12,500	0	0
SHIRLANNA CORREIA TRUSTEE	4 00	X						12,500	0	0
GEORGE BEARUP SECRETARY	6 00	X		X				12,500	0	0
REX ANTINOZZI MD VICE CHAIR	6 00	X		X				12,500	0	0
EDWARD J RUTKOWSKI MD TRUSTEE	4 00	X						12,500	0	0
DANIEL NAVIN MD DIRECTOR	4 00	X						0	12,500	0
JOHN E PELIZZARI TRUSTEE	4 00	X						0	0	0
MARK A HEPLER CFO	28 00			X				0	249,099	45,753
PAUL M SHIRILLA ASST SEC/VP	6 00				X			0	322,529	46,557
DAVID MCGREAHAM MD VP MEDICAL	40 00				X			312,469	0	48,755
CHRISTOPHER PODGES VP INFO SYST	40 00				X			289,065	0	50,564
KATHLEEN MCMANUS EXECUTIVE VP	36 00				X			275,200	0	43,909
SUZANNE K PETERS VP HR	40 00				X			249,669	0	33,010

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

(A) Name and Title	(B) Average hours per week	(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			
MARK R ANTHONY SR VICE PRES	40 00				X			247,554	0	32,433
JAMES P FISCHER VP PATIENT C	40 00				X			202,643	0	40,006
THOMAS SCHERMERHORN MD NEUROSURGEON	40 00					X		727,932	0	31,782
AHMET SEVIMLI MD NEPHROLOGIST	40 00					X		322,046	0	37,837
DAVID B MARTIN MD INFECTIOUS D	40 00					X		254,816	0	28,248
JOHN D FAICHNEY MD ENDOCRINOLOG	40 00					X		244,820	0	31,959
DANIEL M WEBSTER MD PHYSICIAN-FA	40 00					X		236,417	0	28,597
EDWARD CARLSON FORMER CFO	0 00						X	214,490	9,506	0

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 MUNSON MEDICAL CENTER	Employer identification number 38-1362830
---	--

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

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

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

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><thead><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr></thead><tbody><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></tbody></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input checked="" 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?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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?	Yes		8,100
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		22
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			8,122
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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		No
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2		No
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		No

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
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SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MUNSON MEDICAL CENTER

Employer identification number

38-1362830

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input checked="" type="checkbox"/> 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><input type="checkbox"/> Yes<input checked="" type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or 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
2a	
2b	
2c	
2d	

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	143,412,065	128,015,726	151,976,653		
b Contributions	996,567	2,073,910	815,757		
c Investment earnings or losses	23,516,814	14,807,677	-19,831,956		
d Grants or scholarships					
e Other expenditures for facilities and programs	141,430	1,054,734	4,238,065		
f Administrative expenses	787,311	430,514	706,662		
g End of year balance	166,996,705	143,412,065	128,015,726		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 98 140 %

b

Permanent endowment ▶

c

Term endowment ▶ 1 860 %

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		12,502,880		12,502,880
b Buildings		277,651,118	117,464,160	160,186,958
c Leasehold improvements		265,646	65,088	200,558
d Equipment		166,290,036	116,873,517	49,416,519
e Other		16,936,861	1,460,635	15,476,226
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				237,783,141

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)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

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
INTENDED USES FOR ENDOWMENT FUNDS	SCHEDULE D, PAGE 2, PART V, LINE 4	THE BOARD OF TRUSTEES DESIGNATES SUBSTANTIAL INVESTMENTS FOR THE REPLACEMENT, IMPROVEMENT, AND THE EXPANSION OF TANGIBLE FACILITIES OWNED BY MUNSON MEDICAL CENTER TO ENSURE FUNDS ARE AVAILABLE TO MAINTAIN THE HOSPITAL ASSETS TO CARRY OUT ITS MISSION A PORTION OF THE TERM ENDOWMENT ASSETS ARE THOSE HELD FOR SPECIFIC MEDICAL PURPOSES, AS DEFINED BY DONORS THOSE ASSETS ARE BEING HELD FOR A VARIETY OF DONOR INTERESTS INCLUDING ADAPTIVE SPORTS, PEDIATRIC THERAPY, OTHER PEDIATRIC MEDICAL NEEDS, RESEARCH, AND PATIENT ASSISTANCE

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
MUNSON MEDICAL CENTER

Employer identification number
38-1362830

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	
1b	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% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%</div> 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% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%</div> 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	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
5c	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?	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			7,070,420		7,070,420	1 690 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			39,614,580	30,682,601	8,931,979	2 140 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			985,362	541,140	444,222	0 110 %
d Total Financial Assistance and Means-Tested Government Programs			47,670,362	31,223,741	16,446,621	3 940 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,338,362	23,365	3,314,997	0 790 %
f Health professions education (from Worksheet 5)			4,332,800	1,334,519	2,998,281	0 720 %
g Subsidized health services (from Worksheet 6)			468,131	4,655	463,476	0 110 %
h Research (from Worksheet 7)			764,577		764,577	0 180 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			327,560	1,400	326,160	0 080 %
j Total Other Benefits			9,231,430	1,363,939	7,867,491	1 880 %
k Total. Add lines 7d and 7j			56,901,792	32,587,680	24,314,112	5 820 %

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		3,665		3,665	
2	Economic development		17,868		17,868	
3	Community support		43,061		43,061	0 010 %
4	Environmental improvements		153,051		153,051	0 040 %
5	Leadership development and training for community members					
6	Coalition building		6,648		6,648	
7	Community health improvement advocacy		10,144		10,144	
8	Workforce development		407,278		407,278	0 100 %
9	Other					
10	Total		641,715		641,715	0 160 %

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	5,280,469
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	895,567
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	179,592,155
6	Enter Medicare allowable costs of care relating to payments on line 5	6	175,118,665
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	4,473,490
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 NW MI SURGERY CENTER	AMBULATORY SURGERY CENTER	49 000 %		51 000 %
2				
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? 3

Schedule H (Form 990) 2010

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: MUNSON MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: MUNSON MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d	<input type="checkbox"/> Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: MUNSON MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		

Part V

Facility Information *(continued)*

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? 10

Name and address	Type of Facility (Describe)
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Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 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 area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
OTHER TESTING METHODS FOR FREE OR DISCOUNTED CARE	PART I LINE 3C	100 FINANCIAL ASSISTANCE IS PROVIDED FOR THOSE INDIVIDUALS OR FAMILIES WHOSE INCOME IS 200 OR LESS THAN THE FPG AND TOTAL ASSETS ARE WITHIN THE PROTECTED LEVELS THE APPROVAL IS VALID FOR 1 YEAR WITH A VERIFICATION OF FINANCIAL STATUS AT 6 MONTHS CATASTROPHIC ASSISTANCE IS AVAILABLE FOR THOSE INDIVIDUALS OR FAMILIES WHO DO NOT MEET THE GUIDELINES FOR FULL CHARITY CARE BUT WHOSE HOSPITAL EXPENSES WILL POSE AN EXTREME FINANCIAL HARDSHIP THE APPLICANT MUST MEET THE FOLLOWING GUIDELINES APPLICANTS CUMULATIVE BALANCE MUST BE GREATER THAN 10000 APPLICANT MUST COMPLETE FINANCIAL ASSISTANCE APPLICATION IF CATASTROPHIC ASSISTANCE IS GRANTED THE APPLICANT WILL BE RESPONSIBLE TO PAY 20 OF THE APPLICANTS ANNUAL HOUSEHOLD INCOME TO THE GRANTING INSTITUTION CATASTROPHIC ASSISTANCE APPROVAL WILL BE VALID FOR 12 MONTHS FROM THE DATE OF APPROVAL

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES EXPLANATION	PART I LINE 7G	THERE ARE NO PHYSICIAN CLINICS IN SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	TOTAL EXPENSES FROM FORM 990 PART IX LINE 25 ARE 425963453 AND THE PROPORTIONATE SHARE OF TOTAL EXPENSES OF THE AMBULATORY SURGERY CENTER IS 6978333 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT WAS 14702161 THE NET EXPENSE OF 418239625 WAS USED FOR PURPOSES OF CALCULATING LINE 7 COLUMN F

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	COST VALUES FOR LINE 7 ARE BASED ON THE COST TO CHARGE RATIO COMPUTATION

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	MUNSON MEDICAL CENTER MMC PROVIDED 641716 IN COMMUNITYBUILDING ACTIVITIES DURING THE 2011 FISCAL YEAR THESE ACTIVITIES INCLUDED A CASH DONATION FOR COALITION BUILDING ACTIVITIES IN GRAND TRAVERSE COUNTY ADMINISTRATIVE SUPPORT ON MANY BOARDS SUPPORTING CHANGES IN SOCIAL DETERMINATES OF HEALTH ADDRESSING ADEQUATE COMMUNITYWIDE HOUSING POVERTY REDUCTION AND WORKFORCE DEVELOPMENT ENVIRONMENTAL IMPROVEMENTS INCLUDING WASTE REDUCTION AND RECYCLING AND COMMUNITY HEALTH IMPROVEMENT ADVOCACY ESPECIALLY IN THE AREAS OF IMPROVED SCHOOL NUTRITION AND COMMUNITY GARDENS MMC CONTINUES AS A GUIDING FORCE IN MICHIGANS REGION 7 BIOTERRORISMDISASTER PREPAREDNESS AS PART OF CRITICAL WORKFORCE DEVELOPMENT MUNSON STAFF ATTENDS MANY REGIONAL CAREER DAYS PROVIDING STUDENTS WITH INFORMATION ON WHY THEY MIGHT WANT TO BE EMPLOYED IN THE OFTENCritical AREA OF HEALTH CARE ALSO DESIGNATED AS A MEDICALLY UNDERSERVED AREA MUNSON INVESTS DOLLARS INTO THE RECRUITMENT OF CRITICALLY NEEDED PHYSICIANS TO THE AREA TO PROMOTE PATIENT ACCESS TO CARE

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	<p>TO DETERMINE THE AMOUNT OF BAD DEBT ATTRIBUTABLE TO PATIENTS WHO WOULD PROBABLY QUALIFY UNDER MUNSON MEDICAL CENTERS CHARITY CARE POLICY MUNSON DIRECTED AN INTERNAL STUDY FROM A 3MONTH SAMPLE OF CURRENT BAD DEBT ACCOUNTS FIRST THE STUDY IDENTIFIED THE SELFPAY PORTION OF THE BAD DEBT EXPENSE THEN THE SELFPAY ACCOUNTS WERE ANALYZED USING REVENUE CYCLE ANALYTIC SOFTWARE TO IDENTIFY POTENTIAL CHARITY CARE CANDIDATES USING THE SOFTWARE ESTIMATIONS A PORTION OF THE SELFPAY ACCOUNTS WERE DEEMED CHARITY CARE ELIGIBLE THAT ESTIMATED PORTION WAS APPLIED TO THE SELFPAY BAD DEBT DOLLAR AMOUNT TO DETERMINE THE AMOUNT OF BAD DEBT THAT WOULD BE CONSIDERED CHARITY IF THE PROPER APPLICATIONS AND DOCUMENTATION WERE AVAILABLE FROM THE PATIENTS THE ACCOUNTS RECEIVABLE FOOTNOTE TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MUNSON HEALTHCARE AND SUBSIDIARIES STATES THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANagements ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND GENERAL ECONOMIC CONDITION IN ITS SERVICE AREA TRENDS IN HEALTHCARE COVERAGE AND OTHER COLLECTION INDICATORS THROUGHOUT THE YEAR MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITEOFF EXPERIENCE BY PAYOR CATEGORY AND OTHER FACTORS THE RESULTS OF THESE REVIEWS ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THE ORGANIZATION FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PASTDUE PATIENT BALANCES WITH COLLECTION AGENCIES</p>

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	MUNSON HEALTHCARES INTERNAL AND EXTERNAL COLLECTION PRACTICES INCLUDING ACTIONS THE HOSPITAL MAY TAKE IN THE EVENT OF NONPAYMENT INCLUDING COLLECTIONS ACTIONS AND REPORTING TO COLLECTION AGENCIES SHALL TAKE INTO ACCOUNT THE EXTENT TO WHICH THE PATIENT QUALIFIES FOR CHARITY A PATIENTS GOOD FAITH EFFORT TO APPLY FOR A GOVERNMENTAL PROGRAM OR FOR CHARITY FROM MUNSON HEALTHCARE AND A PATIENTS GOOD FAITH EFFORT TO COMPLY WITH HISHER PAYMENT AGREEMENTS WITH MUNSON HEALTHCARE FOR PATIENTS WHO QUALIFY FOR CHARITY AND WHO ARE COOPERATING IN GOOD FAITH TO RESOLVE THEIR DISCOUNTED HOSPITAL BILLS MUNSON HEALTHCARE MAY OFFER EXTENDED PAYMENT PLANS WILL NOT SEND UNPAID BILLS TO OUTSIDE COLLECTION AGENCIES AND WILL CEASE ALL COLLECTION EFFORTS ON ANY UNPAID BALANCES ON ACCOUNTS THAT WERE OPENED WITHIN ONE YEAR OF THE DATE THAT THE PATIENT QUALIFIED FOR CHARITY UNDER THIS POLICY

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	<p>THE MUNSON HEALTHCARE BOARD OF DIRECTORS MAINTAINS A STANDING COMMUNITY HEALTH COMMITTEE CHC TO SERVE THE MUNSON HEALTHCARE SYSTEM THE CHC CONSISTS OF MUNSON HEALTHCARE BOARD MEMBERS FROM MUNSON HEALTHCARE HOSPITALS AND OTHER INTERESTED AREA PHYSICIANS AND COMMUNITY MEMBERS APPOINTED BY THE MUNSON HEALTHCARE BOARD CHAIRPERSON THE CHC MEETS AT LEAST QUARTERLY TO REVIEW EXISTING PROGRAMS AND SERVICES RELATED TO CURRENT COMMUNITY HEALTH NEEDS CONSIDER THE MHC RESPONSE TO ANY EMERGING HEALTH TRENDS AS IDENTIFIED BY COMMUNITY HEALTH NEEDS ASSESSMENT AND REVIEW ANY NEW COMMUNITY HEALTH BASED COLLABORATION OR PROGRAM THE CHC IS RESPONSIBLE FOR COMMUNICATING INTERNALLY AND EXTERNALLY THE SIGNIFICANCE OF MHC COMMUNITY BENEFIT PROGRAMS AND SERVICES THIS COMMITTEE IS SUPPORTED BY A COMMUNITY HEALTH DEPARTMENT OF MUNSON MEDICAL CENTER MUNSON MEDICAL CENTER MMC IS A SIGNIFICANT CONTRIBUTOR TO REGIONAL EFFORTS THAT ASSESS THE HEALTH STATUS OF THE TOTAL POPULATION WITHIN OUR EXTENSIVE GEOGRAPHICAL AREA COMMUNITY HEALTH ASSESSMENT IS AN IMPORTANT COMPONENT OF A COMMUNITY HEALTH IMPROVEMENT STRATEGY AS IT PROVIDES GUIDANCE AS TO WHERE EFFORTS SHOULD BE CONCENTRATED AS WELL AS WHERE PROGRESS HAS BEEN MADE THE DATA DOCUMENTED THROUGH AN ASSESSMENT SERVES AS A USEFUL REFERENCE FOR PROGRAM AND RESOURCE DEVELOPMENT EFFORTS COMMUNITYWIDE MUNSON IS PREPARING A COMMUNITY NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY TO MEET THE REQUIREMENTS OF IRC SEC 501R WHICH WILL BE CONDUCTED IN FISCAL 2013 IN ACCORDANCE WITH THE PLANS OF THE COMMUNITY HEALTH COMMITTEE OF THE BOARD ADDITIONALLY MUNSON WORKS IN CONJUNCTION WITH COMMUNITY COLLABORATIVES IN FIVE COUNTIES ANTRIM BENZIE GRAND TRAVERSE LEELANAU AND KALKASKA THE TRAVERSE CITY CHAMBER OF COMMERCE THE LOCAL UNITED WAY THE POVERTY REDUCTION INITIATIVE AND OTHER REGIONAL ASSOCIATIONS TO MAINTAIN CURRENT UNDERSTANDING OF COMMUNITY NEED</p>

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	IT IS THE GOAL OF MUNSON HEALTHCARE TO COMMUNICATE AND EDUCATE PATIENTS AND THE PUBLIC REGARDING THE AVAILABILITY OF FINANCIAL ASSISTANCE THIS IS ACHIEVED THROUGH ONE OR MORE OF THE FOLLOWING METHODS INFORMATION BROCHURES AVAILABLE AT THE REGISTRATION DESKS BROCHURES THAT DESCRIBE MUNSON HEALTHCARES FINANCIAL ASSISTANCE PROGRAM ARE AVAILABLE AT ALL REGISTRATION SITES THE BROCHURE HAS CLEAR INFORMATION ON HOW TO CONTACT A FINANCIAL COUNSELOR STATEMENT ON BILLS STATEMENTS INCLUDE VERBIAGE THAT INSTRUCTS THE PATIENT TO CALL PATIENT FINANCIAL ASSISTANCE IF THEY NEED HELP WITH THEIR BILL SIGNS IN THE ER REGISTRATION AREA ADVISES THE PATIENTS THAT THEIR CARE IS NOT WITHHELD IF THEY HAVE NO INSURANCE OR MEANS TO PAY REFERRAL BY REGISTRATION STAFF AT THE TIME OF REGISTRATION SELFPAY PATIENTS OR ANY PATIENT THAT MAY HAVE CONCERNS REGARDING THEIR UPCOMING ADMISSION IS REFERRED TO THE FINANCIAL COUNSELING STAFF MUNSON MEDICAL CENTER FINANCIAL COUNSELORS ARE AVAILABLE TO TALK WITH PATIENTS ABOUT THEIR FINANCIAL CONCERNS THE COUNSELORS VISIT ALL INPATIENTS THAT ARE DEEMED SELFPAY TO SEE IF THEY HAVE CONCERNS AND TO DETERMINE IF THEY WOULD LIKE HELP IF THE PATIENT WOULD LIKE HELP THE COUNSELORS GATHER INCOME INFORMATION AND SCREEN THE PATIENT FOR MEDICAID GENERALLY THESE TWO ACTIONS WILL DETERMINE WHAT PROGRAM THE PATIENT MIGHT QUALIFY FOR ONCE THE COUNSELOR DETERMINES WHAT THE PATIENT MAY QUALIFY FOR THE COUNSELOR EDUCATES THE PATIENT ON THE AVAILABLE PROGRAMS AND ASSISTS THEM WITH COMPLETING THE APPROPRIATE APPLICATIONS THE COUNSELORS ALSO IDENTIFY ALL SELFPAY OUTPATIENTS AND GO THROUGH THE SAME PROCESS ONLY BY PHONE THE GOAL IS TO TALK WITH PATIENTS PRIOR TO ADMISSION BUT WHEN THAT IS NOT POSSIBLE THE CALL IS MADE SOON AFTER DISCHARGE AVAILABLE PROGRAMS INCLUDE BUT ARE NOT LIMITED TO MEDICAID AND ALL OF ITS SUBSETS SOCIAL SECURITY DISABILITY TRAVERSE HEALTH CLINIC MUNSON HEALTHCARE CHARITY CARE MUNSON MEDICAL CENTER CATASTROPHIC CARE AND MUNSON MEDICAL CENTER MEDS PROGRAM

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	<p>MUNSON MEDICAL CENTER DESCRIPTION MUNSON MEDICAL CENTER MMC IS THE LARGEST HOSPITAL IN NORTHERN LOWER MICHIGAN WITH 391 LICENSED ACUTE CARE BEDS ONE OF SEVEN HOSPITALS IN THE MUNSON HEALTHCARE SYSTEM MMC PROVIDES MORE THAN 300000 ANNUAL PATIENT VISITS MMC SERVES APPROXIMATELY 23800 INPATIENTS HAS 2000 OBSTETRICAL BIRTHS AND 48000 EMERGENCY ROOM PATIENTS EVERY YEAR MMC IS ALSO THE LARGEST EMPLOYER IN NORTHERN MICHIGAN DUE TO ITS GEOGRAPHIC LOCATION AND COMPREHENSIVE ARRAY OF SERVICES OFFERED MMC HAS BEEN NAMED A RURAL REFERRAL CENTER BY THE CENTERS FOR MEDICARE AND MEDICAID MMC IS ALSO RECOGNIZED BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES CMS AS A SOLE COMMUNITY HOSPITAL BECAUSE OF THIS STATUS IT IS EQUIPPED TO PROVIDE CRITICAL CARE FOR PATIENTS IN 24 COUNTIES HOSPITAL SERVICES MUNSON MEDICAL CENTER PROVIDES SERVICES IN 33 DIFFERENT MEDICAL SPECIALTIES AND OFFERS A WIDE RANGE OF INPATIENT AND OUTPATIENT SERVICES INCLUDING CARDIAC SURGERY CARDIAC CATHETERIZATION RADIATION ONCOLOGY NEONATAL INTENSIVE CARE AND COMPREHENSIVE EMERGENCY SERVICES MUNSON MEDICAL CENTER IS A LEVEL II TRAUMA CENTER AND IS THE ONLY RECOGNIZED TRAUMA CENTER IN MICHIGANS REGION 7 WHICH COVERS 17 COUNTIES SPECIALIZED INPATIENT UNITS AVAILABLE AT MMC INCLUDE MEDICALSURGICAL INTENSIVE CARE CARDIAC INTENSIVE CARE NEONATAL INTENSIVE CARE ONCOLOGY MENTAL HEALTH AND PHYSICAL MEDICINE AND REHABILITATION A BROAD SPECTRUM OF DIAGNOSTIC AND THERAPEUTIC SERVICES SUPPORTS MMCS PROGRAMS THE SERVICES AVAILABLE TO INPATIENTS AND OUTPATIENTS CONSIST OF RADIOLOGY INCLUDING MRI CT SCAN PET SCAN ULTRASOUND NUCLEAR MEDICINE AND RADIATION THERAPY COMPUTERIZED LABORATORY REHABILITATION SERVICES INCLUDING PHYSICAL OCCUPATIONAL AND SPEECH AND HEARING THERAPY CARDIAC CATHETERIZATION COMPREHENSIVE CANCER TREATMENT OBSTETRIC CLINIC FOR INDIGENT PATIENTS MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES HOME HEALTH DME AND DIALYSIS SERVICES AND COMPLEX SURGERY SUCH AS VASCULAR AND NEUROSURGERY AS WELL AS LESS COMPLEX SAMEDAY SURGERY POPULATION SERVED BY MUNSON MEDICAL CENTER MMC SERVES PATIENTS FROM 24 COUNTIES IN NORTHERN LOWER MICHIGAN AND THE EASTERN PORTION OF THE UPPER PENINSULA A POPULATION BASE OF APPROXIMATELY 580000 IN THE 11 COUNTY REGION IMMEDIATELY SURROUNDING MMC 184 OF THE POPULATION ARE 65 YEARS OR OLDER UNEMPLOYMENT IS 12 OR HIGHER ALMOST 23 OF ADULTS AGED 1864 YEARS OF AGE LACK HEALTH INSURANCE 58 OF BIRTHS ARE COVERED BY MEDICAID ABOUT 70 OF MMC INPATIENT DISCHARGES ORIGINATE FROM THE 5 COUNTIES IN CLOSEST PROXIMITY TO MMC ANTRIM BENZIE GRAND TRAVERSE LEELANAU AND KALKASKA QUALITY MUNSON MEDICAL CENTER HAS WON NUMEROUS AWARDS FOR OUTSTANDING CLINICAL QUALITY CARE HEALTH GRADES 5 STAR RATING FOR CARDIAC STROKE ORTHOPEDIC PULMONARY CARE AMERICAS 50 BEST HOSPITALS OUTSTANDING PATIENT EXPERIENCE HOSPITAL TOP 100 HOSPITAL 12 TIMES ONLY 2 OTHER HOSPITALS NATIONWIDE HAVE BEEN SO RECOGNIZED AMONG 23 NATIONALLY NAMED AS AN EVEREST AWARD FOR NATIONAL BENCHMARKS WINNER FOR THE SECOND YEAR IN A ROW THIS AWARD RECOGNIZES A HOSPITALS RATE OF LONGTERM IMPROVEMENT AND ESTABLISHES MUNSON MEDICAL CENTER AS A NATIONAL BENCHMARK AGAINST WHICH OTHER HOSPITALS WILL BE COMPARED 2008 AMERICAN HOSPITAL ASSOCIATION MCKESSON QUEST FOR QUALITY PRIZE RUNNER UP WAS UNIVERSITY OF MICHIGAN HOSPITALS AND HEALTH CENTERS AMERICAN NURSES CREDENTIALING CENTER MAGNET HOSPITAL 3 OF HOSPITALS NATIONWIDE QUALIFY</p>

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THE MUNSON MEDICAL CENTER BOARD OF TRUSTEES IS MADE UP OF COMMUNITY MEMBERS ALL OF WHOM RESIDE IN THE HOSPITALS PRIMARY SERVICE AREA THESE INDIVIDUALS GIVE COUNTLESS HOURS OF SERVICE TO THE HOSPITAL IN THEIR OVERSIGHT ROLE MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SUBJECT TO CREDENTIALING REVIEW AND REQUIREMENTS OF THE MEDICAL STAFF AND THE BOARD OF TRUSTEES MUNSON MEDICAL CENTER UTILIZES SURPLUS FUNDS TO MAINTAIN ACCESS TO PATIENT SERVICES AND IMPROVE CARE TO PATIENTS THROUGHOUT ITS SERVICE AREA EXAMPLES OF HOW MUNSON MEDICAL CENTER PROMOTES THE HEALTH OF THE COMMUNITY THROUGH PROGRAMS INCLUDE HEALTHY FUTURES A PARTNERSHIP OF AREA HEALTH CARE PROVIDERS HEALTH DEPARTMENTS AND MUNSON HEALTHCARE CREATED TO IMPROVE THE HEALTH OF PREGNANT WOMEN AND CHILDREN UP TO AGE TWO THE PROGRAM INCLUDES CENTRAL ACCESSDATA MANAGEMENT REGISTERED NURSE RN CARE COORDINATION EDUCATIONAL MAILINGS TO AGE 5 AND HEALTH CARERELATED FINANCIAL ASSISTANCE THEHEALTHY FUTURES MODEL OF RN CARE COORDINATION CONSISTS OF AN OUTCOMESBASED APPROACH TO INTERVENTION IN THE AREAS OF BREASTFEEDING LONGEVITY ACCESS TO HEALTH CARE AND IMMUNIZATIONS MEDS PROGRAM A PROGRAM THAT PROVIDES TO PATIENTS WITHOUT RESOURCES BEING DISCHARGED FROM THE HOSPITAL NEEDED MEDICATIONS AS WELL AS ENROLLING THOSE PATIENTS INTO PHARMACEUTICAL COMPANY SPONSORED ASSISTANCE PROGRAMS SO THEY MAY CONTINUE TO GET THE NEEDED PHARMACEUTICALS POVERTY REDUCTION INITIATIVE PRI A COLLABORATIVE GROUP OF ORGANIZATIONS AND INDIVIDUALS WORKING TO ADDRESS ISSUES OF POVERTY IN THE FIVE COUNTY SERVICE AREA OF MUNSON MEDICAL CENTER PROJECTS SUPPORTED BY THE PRI WORK GROUPS INCLUDE EFFORTS TO EXPAND ACCESS TO MEDICAL AND DENTAL CARE JOB TRAINING OPPORTUNITIES JOB RETENTION COMMUNITY RESOURCE MOBILIZATION AND DATA COLLECTION MUNSONS INVOLVEMENT IN PRI INCLUDES MEMBERSHIP ON THE ADVISORY COUNCIL STEERING COMMITTEE AND NAVIGATING WORKGROUP NORTHERN MICHIGAN DIABETES INITIATIVE NMDI A GROUP OF STAKEHOLDERS AND STEERING COMMITTEE MEMBERS THAT REPRESENT THE 11 COUNTY SERVICE AREA WITH A VISION TO IMPROVE THE CHRONIC CARE MANAGEMENT OF DIABETES NMDI IS COMMITTED TO PROVIDING LOCAL REGIONAL AND NATIONAL RESOURCES FOR THE PREVENTION AND MANAGEMENT OF DIABETES WHILE MOST DIABETES COLLABORATIVES FOCUS ON PROVIDING OPTIMAL EVIDENCE BASED CARE MANAGEMENT TO THE PERSON ALREADY DIAGNOSED WITH DIABETES NMDI FOCUSES ON CONCURRENT UPSTREAM TARGETED EDUCATION OF THREE SPECIFIC POPULATIONS THE GENERAL COMMUNITY THE SOCIOECONOMICALLY CHALLENGED HIGH RISK POPULATION AND RURAL PRIMARY CARE PROVIDERS PCP CARING FOR DIABETIC PATIENTS COLLABORATION WITH THE TRAVERSE HEALTH CLINIC THE TRAVERSE HEALTH CLINIC THC OPERATING UNDER AN INDIGENT CARE AGREEMENT UTILIZING MUNSON MEDICAL CENTERS DSH CAPACITY PROVIDES ACCESS TO HEALTH SERVICES THROUGH COMMUNITY COLLABORATION TO PEOPLE IN NEED IN BENZIE LEELANAU AND GRAND TRAVERSE COUNTIES THC SERVES AS A PRIMARY CARE PROVIDER FOR THOSE WITH MEDICAID AND RUNS THE COALITION HEALTH ACCESS PROGRAM CHAP FOR THOSE ADULTS WITH NO INSURANCE WHO QUALIFY INCOMES 200 OF FPG MUNSON DONATES TO THC THROUGH INKIND DONATIONS OF MEDICATIONS AND STAFFING GRANTS ETC WHILE NOT COUNTABLE AS MUNSON COMMUNITY BENEFIT MANY MUNSON EMPLOYEES ALSO VOLUNTEER THEIR TIME PROVIDING CARE AT THE THC MEDICAL EDUCATIONTHE MUNSON FAMILY PRACTICE RESIDENCY PROGRAM INTEGRATES OSTEOPATHIC AND ALLOPATHIC MEDICINE TOGETHER WITH THE RESOURCES OF MUNSON MEDICAL CENTER THIS DUALY ACCREDITED 555 PROGRAM ACCEPTS BOTH DO AND MD TRAINEES THE PROGRAM IS AFFILIATED WITH THE MICHIGAN STATE UNIVERSITY MMC ALSO PARTNERS WITH SEVERAL SCHOOLS OF NURSING TO PROVIDE INTERNSHIPS AND CLINICAL EXPERIENCES FOR REGISTERED NURSES RESPIRATORY THERAPISTS PHARMACISTS AND OTHER HEALTH PROFESSIONALS

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	<p>MUNSON MEDICAL CENTERS SOLE CORPORATE MEMBER IS MUNSON HEALTHCARE A 501C3 CORPORATION THE MUNSON HEALTHCARE SYSTEM CONSISTS OF A MAJOR TERTIARY REFERRAL HOSPITAL SEVERAL RURALBASED MEDICAL CENTERS EXTENSIVE OUTPATIENT TREATMENT AND REHABILITATION FACILITIES AND ANCILLARY EMERGENCY TRANSPORTATION AND HOMEBASED MEDICAL SERVICES THAT COVER 24 COUNTIES IN MICHIGANS NORTHERN LOWER PENINSULA AND THE EASTERN PORTION OF THE UPPER PENINSULA THE MOST SIGNIFICANT OF THE MUNSON HEALTHCARE SUBSIDIARIES IS MUNSON MEDICAL CENTER MMC MMC IS ONE OF SEVEN NOTFORPROFIT HOSPITALS WHICH ARE AFFILIATED WITH EACH OTHER AND SERVE AS THE ONLY HOSPITALS IN THEIR COMMUNITIES EACH OF THE AFFILIATED HOSPITALS HAS INDIVIDUAL COMMUNITY HEALTH INITIATIVES ANDOR PROMOTION ACTIVITIES AS WELL AS SHARED INITIATIVES MMC WORKS IN COOPERATION WITH OTHER ENTITIES IN THE MUNSON HEALTHCARE SYSTEM TO PROVIDE A FULL RANGE OF HEALTH SERVICES TO THE COMMUNITIES IN ITS SERVICE AREA THE HOME HEALTH DIVISION OF MUNSON HEALTHCARE PROVIDES HOME NURSE AND AIDE SERVICES IN ADDITION TO DURABLE MEDICAL EQUIPMENT AND A PALLIATIVE CARE AND HOSPICE PROGRAM ON THE MUNSON CAMPUS OVER A HALF MILLION DOLLARS IN COMMUNITY BENEFIT IN THE FORM OF CHARITY CARE AND UNREIMBURSED MEDICAID ARE PROVIDED THROUGH THIS DIVISION EACH YEAR NORTH FLIGHT INC IS THE CHARITABLE TRANSPORTATION ENTITY IN THE SYSTEM WITH ITS FIXED WING AND HELICOPTER AIR SERVICES IN COMBINATION WITH GROUND TRANSPORT PATIENTS IN THE SYSTEM ARE ABLE TO ACCESS APPROPRIATE CARE NORTH FLIGHT INC PROVIDED OVER 12 MILLION IN CHARITY CARE AND UNREIMBURSED MEDICAID IN THE PAST FISCAL YEAR MMC PERFORMS THE NEEDS ASSESSMENTS FOR MUNSON HEALTHCARE UTILIZING THIS NEEDS ASSESSMENT MUNSON HEALTHCARE COORDINATES COMMUNITY BENEFIT PROGRAMS THROUGH PLANNING DEVELOPING IMPLEMENTING EVALUATING AND FUNDING PROGRAMS THAT ADDRESS COMMUNITY NEEDS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MUNSON MEDICAL CENTER

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number
38-1362830

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

Enter total number of section 501(c)(3) and government organizations ▶

3

Enter total number of other organizations ▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) MEDICAL INSURANCE PAYMENT	11	12,714			
(2) EQUIP RENTAL AND SUPPLIES	13	7,972			
(3) CLIENT TRANSPORT & FOOD	13	2,720			
(4) MEDICAL, TRANSPORT & DRUG	129	26,888			

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
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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
MUNSON MEDICAL CENTER

Employer identification number

38-1362830

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	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		
2	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?		
3	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><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a	Receive a severance payment or change-of-control payment from the organization or a related organization?	Yes	
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
5a	The organization?		No
5b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
6a	The organization?		No
6b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

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

Note. The sum of columns (B)(i)-(iii) 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) EDWIN A NESS	(i) (ii)	515,678	120,976	1,102	119,320	20,126	777,202	
(2) MARK A HEPLER	(i) (ii)	208,875	38,795	1,429	26,375	19,378	294,852	
(3) PAUL M SHIRILLA	(i) (ii)	259,556	60,698	2,275	31,769	14,788	369,086	
(4) DAVID MCGREAHAM MD	(i) (ii)	246,483	46,908	19,078	31,257	17,498	361,224	
(5) CHRISTOPHER PODGES	(i) (ii)	236,237	51,366	1,462	28,808	21,756	339,629	
(6) KATHLEEN MCMANUS	(i) (ii)	232,504	41,769	927	29,602	14,307	319,109	
(7) SUZANNE K PETERS	(i) (ii)	152,851	34,434	62,384	19,503	13,507	282,679	45,835
(8) MARK R ANTHONY	(i) (ii)	192,948	37,485	17,121	24,357	8,076	279,987	
(9) JAMES P FISCHER	(i) (ii)	166,625	33,467	2,551	20,395	19,611	242,649	
(10) THOMAS SCHERMERHORN MD	(i) (ii)	727,250		682	12,144	19,638	759,714	
(11) AHMET SEVIMLI MD	(i) (ii)	321,100		946	19,266	18,571	359,883	
(12) DAVID B MARTIN MD	(i) (ii)	235,020	3,698	16,098	14,101	14,147	283,064	
(13) JOHN D FAICHNEY MD	(i) (ii)	216,403	24,730	3,687	11,348	20,611	276,779	
(14) DANIEL M WEBSTER MD	(i) (ii)	217,537	14,464	4,416	13,052	15,545	265,014	
(15) EDWARD CARLSON	(i) (ii)			214,490 9,506			214,490 9,506	14,872
(16)								

Part IIISupplemental 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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	EDWIN A. NESS 0 107,176 0 MARK A. HEPLER 0 13,842 0 PAUL M. SHIRILLA 0 16,196 0 DAVID MCGREAHAM, MD 0 16,468 0 CHRISTOPHER PODGES 0 14,634 0 KATHLEEN MCMANUS 0 15,652 0 SUZANNE K. PETERS 0 10,332 0 MARK R. ANTHONY 0 12,780 0 JAMES P. FISCHER 0 10,398 0 EDWARD CARLSON 209,123 0 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	EXECUTIVE SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS. SUBJECT TO REVIEW AND APPROVAL BY THE BOARD COMPENSATION AND EXECUTIVE LEADERSHIP COMMITTEE, IN ORDER TO RECRUIT AND MAINTAIN QUALIFIED EXECUTIVES, INCLUDING THE PRESIDENT AND VICE-PRESIDENTS, A COMPETITIVE BENEFIT PACKAGE IS OFFERED WHICH INCLUDES PARTICIPATION IN A SUPPLEMENTAL RETIREMENT PLAN. FOR THE PRESIDENT, THE PLAN PROVIDES A TARGETED BENEFIT AT AGE 62. ANNUAL CONTRIBUTIONS, AT MUNSON'S DISCRETION, ARE MADE TO THE PLAN IN ORDER TO ACHIEVE THE TARGETED RETIREMENT BENEFIT LEVEL. FOR VICE-PRESIDENTS, AFTER WORKING FOR MUNSON FOR 3 YEARS, A VICE-PRESIDENT IS ELIGIBLE TO PARTICIPATE IN A NON-QUALIFIED RETIREMENT PLAN, WHICH IS FUNDED ANNUALLY AT THE SOLE DISCRETION OF MUNSON IN AN AMOUNT NOT TO EXCEED 6% OF BASE COMPENSATION. THE PARTICIPANT BECOMES ELIGIBLE FOR THIS BENEFIT UPON THEIR RETIREMENT FROM MUNSON. EXECUTIVE SEVERANCE PLAN. SUBJECT TO REVIEW AND APPROVAL BY THE BOARD COMPENSATION AND EXECUTIVE LEADERSHIP COMMITTEE, IN ORDER TO RECRUIT AND MAINTAIN QUALIFIED EXECUTIVES, A COMPETITIVE BENEFIT PACKAGE IS OFFERED TO THE PRESIDENT AND VICE-PRESIDENTS WHICH INCLUDES A SEVERANCE PLAN. MUNSON HAS A SEVERANCE PLAN FOR THE PRESIDENT AND THE VICE-PRESIDENT/EXECUTIVE LEVEL POSITIONS WHICH PROVIDES FOR THE PRESIDENT UP TO TWO YEARS OF PAY IN THE EVENT EMPLOYMENT ENDS UNDER CERTAIN CONDITIONS AND ONE-YEAR OF PAY IN THE EVENT EMPLOYMENT ENDS UNDER CERTAIN CONDITIONS. THE PLAN PROVIDES FOR A 50% OFFSET FOR SUBSEQUENT EMPLOYMENT DURING THE SEVERANCE PERIOD. MEDICAL BENEFITS ARE PROVIDED DURING THE SEVERANCE PERIOD.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MUNSON MEDICAL CENTER

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Employer identification number
38-1362830

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A COUNTY OF GRAND TRAVERSE HOSPITAL F	38-6004832	386523DK7	11-03-2005	25,000,000	ADVANCE REFUND 1998		X		X		X
B COUNTY OF GRAND TRAVERSE HOSPITAL F	38-6004832	386523DL5	11-03-2005	30,000,000	NEW CONSTRUCTION		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	27,259,026		30,474,818					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	270,982		323,467					
8	Credit enhancement from proceeds	528,444		713,293					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	29,437,958		29,437,958					
11	Other spent proceeds	26,459,600							
12	Other unspent proceeds								
13	Year of substantial completion	2007		2007					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X	X					
b	Are there any research agreements that may result in private business use of bond-financed property?		X	X					
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X				
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X	X					

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X					
b	Name of provider	JP MORGAN CHASE BANK		MERRILL LYNCH CAPITAL SERVICES INC					
c	Term of hedge	22 7		29 7					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		X		X				
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?	X		X					
6	Did the bond issue qualify for an exception to rebate?		X	X					

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
DIFFERENCES IN ISSUE PRICE EXPLANATION	SCHEDULE K	COUNTY OF GRAND TRAVERSE HOSPITAL F INVESMENT EARNINGS TOEALED 2259026 DURING THE PERIOD BETWEEN THE BOND ISSUE AND THE DATE OF OF THE REFUNDING
ADDITIONAL INFORMATION	SCHEDULE K	COUNTY OF GRAND TRAVERSE HOSPITAL F PART I DESCRIPTION OF PURPOSE THE 2005A ISSUE WAS USED TO ADVANCE REFUND 39 OF THE CALLABLE ORIGINAL PRINCIPAL AMOUNT OF THE COUNTY OF GRAND TRAVERSE HOSPITAL AUTHORITY HOSPITAL REVENUE AND REFUNDING BONDS MUNSON HEALTHCARE OBLIGATED GROUP SERIES 1998A ISSUED 9198 COUNTY OF GRAND TRAVERSE HOSPITAL F THE 2005B ISSUE FUNDED A PROJECT FOR THE CONSTRUCTION AND EQUIPPING OF A 4STORY ADDITION TO THE HOSPITAL THAT INCLUDED A NEW EMERGENCY ROOM A 60BED ACUTE CARE NURSING UNIT SPACE FOR FUTURE CLINICAL NEEDS AND AN ENERGY CENTER PART III QUESTION 3C MUNSON MEDICAL CENTER MAINTAINS POLICIES AND PROCEDURES TO REVIEW AND MONITOR ALL CONTRACTS THE REVIEW PROCESS INCLUDES A REVIEW BY THE INTERNAL LEGAL DEPARTMENT OUTSIDE COUNSEL MAY BE CONSULTED AS NECESSARY OUTSIDE COUNSEL IS RETAINED FOR ALL NEW EXEMPT BOND OFFERINGS DURING WHICH A THOROUGH DUE DILIGENCE PROCESS REVIEWS APPLICABLE CONTACTS

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MUNSON MEDICAL CENTER

Employer identification number

38-1362830

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b)Relationship between interested person and the organization	(c)Amount of grant or type of assistance

Part IV

Business Transactions Involving Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V

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

Identifier	Return Reference	Explanation
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Additional Data

Software ID:
Software Version:
EIN: 38-1362830
Name: MUNSON MEDICAL CENTER

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
MAUREEN CARLSON	FAMILY OF FORME	51,839	RELATED FAMILY COMP		No
MEGAN COX	FAMILY OF TRUST	53,689	RELATED FAMILY COMP		No
GLORIA WOLF	FAMILY OF TRUST	74,634	RELATED FAMILY COMP		No
GRAND TRAVERSE CHILDRENS CLINIC	OWNER ISTRUSTEE	179,414	GROUP PRACTICE PHYSI		No
HOSPITALISTS OF NORTHWEST MI	OWNER ISTRUSTEE	4,948,832	GROUP PRACTICE PHYSI		No
MUNSON SUPPORT SERVICES	E NESS TRUSTEE	2,068,778	LAUNDRY SERVICES		No
MUNSON SERVICES INC	C PODGESTRUSTEE	2,021,387	CONTRACT EMPLOYEES		No
PULMONARY AND CRITICAL CARE PHYSICI	OWNER ISTRUSTEE	1,361,885	GROUP PRACTICE PHYSI		No

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 MUNSON MEDICAL CENTER	Employer identification number 38-1362830
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Identifier	Return Reference	Explanation
RELATED PARTY INFORMATION AMONG OFFICERS	FORM 990, PAGE 6, PART VI, LINE 2	EDWIN A NESS CHRISTOPHER PODGES PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER EDWIN A NESS MARK R ANTHONY PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER EDWIN A NESS SUZANNE K PETERS PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER EDWIN A NESS JAMES P FISCHER PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER EDWIN A NESS KATHLEEN MCMAHUS PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER EDWIN A NESS DAVID MCGREAHAM PRESIDENT KEY EMPLOYEE MUNSON MEDICAL CENTER EMPLOYER MARK A HEPLER PAUL M SHIRILLA CFO KEY EMPLOYEE MUNSON HEALTHCARE EMPLOYER

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	MUNSON MEDICAL CENTER IS ORGANIZED ON A NONSTOCK MEMBERSHIP BASIS. THE SOLE MEMBER IS MUNSON HEALTHCARE, AN IRS SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION. IN THE EVENT OF DISSOLUTION, MUNSON MEDICAL CENTER'S NET ASSETS WOULD BE DISTRIBUTED TO MUNSON HEALTHCARE.

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	FOUR TRUSTEES OF MUNSON MEDICAL CENTER ARE DIRECTORS OF MUNSON HEALTHCARE. OTHER TRUSTEES ARE CHOSEN FROM AMONG THOSE NOMINATED BY THE GOVERNANCE COMMITTEE

Identifier	Return Reference	Explanation
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	CERTAIN DECISIONS OF THE MUNSON MEDICAL CENTER TRUSTEES ARE APPROVED BY THE MUNSON HEALTHCARE BOARD OF DIRECTORS INCLUDING THE ACCEPTANCE OF THE ANNUAL BUDGET, AND ANNUAL FINANCIAL STATEMENTS, INCURRENCE OF CERTAIN DEBT, AND APPOINTMENT OF THE PRESIDENT

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE MUNSON MEDICAL CENTER BOARD IS COMMITTED TO THE ACCURACY AND THOROUGHNESS OF THE FORM 990 REPORTING. MUNSON MEDICAL CENTER BELONGS TO THE MUNSON HEALTHCARE SYSTEM. AT THE CORPORATE LEVEL, THE RESPONSIBLE INDIVIDUALS FROM THE FINANCE, ADMINISTRATION, BUSINESS, LEGAL, HUMAN RESOURCES, PUBLIC RELATIONS, AND FUND DEVELOPMENT DEPARTMENTS PREPARE AND REVIEW PORTIONS OF THE FORM 990. BOARD COMMITTEES THEN FURTHER REVIEW SPECIFIC DISCLOSURES. THE COMPENSATION COMMITTEE REVIEWS THE COMPENSATION INFORMATION CONTAINED IN THE CORE FORM AS WELL AS THE SCHEDULE J INFORMATION. THE CONFLICT, VALUATION AND COMPLIANCE COMMITTEE OVERSEES THE CONFLICT OF INTEREST DISCLOSURE PROCESS FOR BOARD MEMBERS AND KEY EMPLOYEES TO ENSURE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY. THE AUDIT COMMITTEE REVIEWS MUNSON HEALTHCARE, MUNSON MEDICAL CENTER, MUNSON HEALTHCARE REGIONAL FOUNDATION, AND SELECTED OTHER SYSTEM ENTITY FORMS 990 ON AN ANNUAL BASIS.

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	THE MUNSON MEDICAL CENTER BOARD HAS A STANDING CONFLICT, VALUATION, AND COMPLIANCE ("CVC") COMMITTEE. ANY TRANSACTIONS WITH DISQUALIFIED PERSONS ARE SUBJECT TO PRIOR APPROVAL OF FAIR MARKET VALUE BY THE CVC COMMITTEE. ANNUALLY, THE CVC COMMITTEE DIRECTS THE PROCESS FOR EACH TRUSTEE AND KEY EMPLOYEE TO COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE. THE RESPONSES ARE REVIEWED AND SUMMARIZED BY MUNSON MEDICAL CENTER'S LEGAL DEPARTMENT. A REPORT OF IDENTIFIED CONFLICTS IS PRESENTED TO THE CVC COMMITTEE FOR ITS REVIEW AND APPROVAL. THE CVC COMMITTEE UTILIZES THE QUESTIONNAIRE RESPONSES TO EVALUATE ANY TRANSACTION WITH A POTENTIAL CONFLICT.

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE PROCESS FOR DETERMINING APPROPRIATE LEVELS OF PAY FOR EXECUTIVE POSITIONS WITHIN MUNSON HEALTHCARE IS CAREFULLY AND THOUGHTFULLY DIRECTED BY THE BOARD OF DIRECTORS, THROUGH THE COMPENSATION AND EXECUTIVE LEADERSHIP DEVELOPMENT COMMITTEE. THE COMMITTEE UTILIZES "BEST PRACTICES" METHODS OF DETERMINING COMPENSATION AND, AS SUCH, IS COMPOSED OF SEVEN MEMBERS WHOSE VOTING MEMBERS ARE INDEPENDENT. THE COMMITTEE IS CHARGED WITH ENSURING THAT EXECUTIVE COMPENSATION IS DESIGNED TO ATTRACT AND RETAIN HIGH QUALITY, PROFESSIONAL LEADERSHIP WHILE MAINTAINING STRONG STEWARDSHIP FOR THE ORGANIZATION. ANNUALLY, THE COMMITTEE RETAINS A NATIONAL INDEPENDENT CONSULTANT TO ENSURE THAT MHC'S COMPENSATION PRACTICES AND LEVELS ARE INDEPENDENTLY REVIEWED WHILE BEING COMPETITIVE AND REASONABLE. COMPENSATION LEVELS REFLECT THE SCOPE OF EACH EXECUTIVE'S RESPONSIBILITIES, EDUCATIONAL BACKGROUND, EXPERIENCE, AND INDUSTRY STANDING AS WELL AS INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE. ANNUAL COMPENSATION FOR MUNSON EXECUTIVES IS DETERMINED IN PART BY MEASURABLE PROGRESS TOWARD THE ORGANIZATION'S GOALS INCLUDING CONTINUED IMPROVEMENT IN CLINICAL QUALITY, COMMUNITY HEALTH, AND OPERATIONAL EFFICIENCIES. MUNSON HEALTHCARE'S INTENT FOR EXECUTIVE BASE COMPENSATION IS TO BE AT THE MEDIAN WHEN COMPARED TO LIKE-SIZE NON-PROFIT HOSPITALS AND HEALTHCARE SYSTEMS.

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	COMPENSATION OF OTHER KEY EMPLOYEES IS CONSISTENT WITH THAT OF THE TOP EXECUTIVES FOR MUNSON MEDICAL CENTER

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE MUNSON MEDICAL CENTER ARTICLES OF INCORPORATION ARE AVAILABLE TO THE PUBLIC ON THE MICHIGAN DEPARTMENT OF TREASURY WEBSITE. MUNSON MEDICAL CENTER DOES NOT MAKE THE BYLAWS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC. ANNUALLY, MUNSON HEALTHCARE, PARENT CORPORATION, SUBMITS ITS ANNUAL CONSOLIDATED FINANCIAL STATEMENTS TO THE MSRB IN COMPLIANCE WITH BOND DISCLOSURE REQUIREMENTS. ADDITIONALLY, MUNSON MEDICAL CENTER PREPARES AND DISTRIBUTES AN ANNUAL REPORT TO THE COMMUNITY, WHICH CONTAINS FINANCIAL AS WELL AS PROGRAM DATA.

Identifier	Return Reference	Explanation
GROUP RETURN METHOD	FORM 990, PAGE 7, PART VII	PARENT ORGANIZATION HAS FILED A SEPARATE RETURN

Identifier	Return Reference	Explanation
RELATED ORGANIZATIONS	FORM 990, PAGE 7, PART VII	EDWIN A NESS WAS PRESIDENT OF MUNSON HEALTHCARE AND ALLOCATED 95% OF HIS TIME TO MUNSON HEALTHCARE SY STEM MATTERS AND 5% OF HIS TIME TO THE MUNSON HEALTHCARE REGIONAL FOUNDATION MARK HEPLER, CFO, ALLOCATES 30% OF HIS TIME TO MUNSON HEALTHCARE, SY STEM PARENT ORGANIZATION, 70% TO MUNSON MEDICAL CENTER, AND LESS THAN AN HOUR A WEEK TO THE REMAINING ORGANIZATIONS IN THE MUNSON HEALTHCARE SY STEM IN HIS CAPACITY AS CFO FOR ALL MUNSON SY STEM ORGANIZATIONS PAUL M SHIRILLA, VICE PRESIDENT OF GENERAL COUNSEL FOR THE MUNSON HEALTHCARE SY STEM, ALLOCATES 85% OF HIS TIME TO SY STEM MATTERS AND 15% TO MUNSON MEDICAL CENTER KATHLEEN MCMANUS, SENIOR VICE PRESIDENT OF MUNSON MEDICAL CENTER, ALLOCATES 90% OF HER TIME TO MUNSON MEDICAL CENTER AND THE REMAINDER TO SY STEM ENTITIES MARK ANTHONY IS A VICE PRESIDENT FOR MUNSON MEDICAL CENTER AND ALLOCATES 95% OF THIS TIME TO THAT COMPANY HE DEVOTES APPROXIMATELY 2-3 HOURS A WEEK TO MUNSON MOBILE IMAGING AND GREAT LAKES MOBILE PET AS PRESIDENT OF BOTH ENTITIES

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	THE OTHER CHANGES IN NET ASSETS INCLUDE THE FOLLOWING ITEMS CHANGE IN MINIMUM PENSION LIABILITY 26,582,239 UNREALIZED GAINS ON POOLED INVESTMENT ACCOUNTS 14,254,237 CHANGE IN VALUE OF INTEREST RATE SWAPS 1,763,406 CHANGE IN INVESTMENT VALUE OF ASSETS HELD AT THE FOUNDATION 855,878 TRANSFERS TO AFFILIATES (6,324,457) TOTAL 37,131,303

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
MUNSON MEDICAL CENTER

Employer identification number
38-1362830

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 II

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	
(1) MUNSON MEDICAL BUILDING PARTNERS PO BOX 1188 TRAVERSE CITY, MI496851188 38-2830005	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	RELATED	217,973	1,809,871		No		Yes		56 540 %
(2) NORTHERN MICHIGAN SUPPLY ALLIANCE 2651 AERO PARK DR TRAVERSE CITY, MI49686 38-3453378	PURCHASING	MI	N/A					No			No	
(3) MUNSON MEDICAL BUILDING PARTNERS PO BOX 1188 TRAVERSE CITY, MI496851188 38-2830005	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	RELATED	217,973	1,809,871		No		Yes		56 540 %
(4) NORTHERN MICHIGAN SUPPLY ALLIANCE 2651 AERO PARK DR TRAVERSE CITY, MI49686 38-3453378	PURCHASING	MI	N/A					No			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
See Additional Data Table							

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

Yes

Yes

Yes

Yes

No

No

No

Yes

Yes

Yes

Yes

No

Yes

Yes

Yes

Yes

Yes

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(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
ADDITIONAL INFORMATION	SCHEDULE R	MUNSON MEDICAL CENTER USED THE ACCRUAL METHOD OF ACCOUNTING TO VALUE THE TRANSACTIONS WITH RELATED ENTITIES ALL INTERCOMPANY TRANSACTIONS WITH RELATED ENTITIES WERE REVIEWED SUMMARIZED AND RECONCILED TO DETERMINE THE DISCLOSURE AMOUNTS

Software ID:

Software Version:

EIN: 38-1362830

Name: MUNSON MEDICAL CENTER

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
MUNSON DIALYSIS CENTER 1105 SIXTH ST TRAVERSE CITY, MI49684 38-3097861	DIALYSIS	MI	(C)(3)	3	MUNSON HC MUNSON HEALTHCARE		No
MUNSON HEALTHCARE 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2640544	HEALTHCARE	MI	(C)(3)	11B	N/A		No
MUNSON HEALTHCARE REGIONAL FOUNDATI 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2642724	RAISE FUND	MI	(C)(3)	7	MUNSON HC MUNSON HEALTHCARE		No
MUNSON HOME CARE 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2191390	HOME HEALT	MI	(C)(3)	9	MUN HOME H MUNSON HOME HEALTH		No
MUNSON HOME HEALTH 1105 SIXTH ST TRAVERSE CITY, MI49684 38-3335362	HOME HEALT	MI	(C)(3)	11B	MUNSON HC MUNSON HEALTHCARE		No
MUNSON HOME SERVICES 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2543463	HOME HEALT	MI	(C)(3)	9	MUN HOME H MUNSON HOME HEALTH		No
MUNSON MOBILE IMAGING INC 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2704069	HEALTHCARE	MI	(C)(4)		MUNSON HC MUNSON HEALTHCARE		No
NORTH FLIGHT INC 1105 SIXTH ST TRAVERSE CITY, MI49684 38-2657917	MED TRANSP	MI	(C)(3)	11B	MUNSON HC MUNSON HEALTHCARE		No
PAUL OLIVER MEMORIAL HOSPITAL 1105 SIXTH ST TRAVERSE CITY, MI49684 38-1415623	HEALTHCARE	MI	(C)(3)	3	MUNSON HC MUNSON HEALTHCARE		No
PAUL OLIVER MEMORIAL HOSPITAL FOUND 1105 SIXTH ST TRAVERSE CITY, MI49684 23-7201619	RAISE FUND	MI	(C)(3)	7	PAUL OLV H PAUL OLIVER MEMORIAL HOSPITAL		No
MUNSON MEDICAL GROUP 1105 SIXTH ST TRAVERSE CITY, MI49684 27-3600575	PHYSICIAN	MI	(C)(3)	9	MUNSON MED MUNSON MEDICAL CENTER	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
MEDICAL OFFICE CONDOMINIUM MEDICAL OFFICE CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI496851188 20-1902620	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	171,696	33,579	74 000 %
SIXTH STREET DRUGS PO BOX 1188 TRAVERSE CITY, MI496851188 38-2298290	PHARMACY	MI	N/A				
MUNSON SUPPORT SERVICES PO BOX 1188 TRAVERSE CITY, MI496851188 38-2872821	LAUNDRY	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	4,262,322	4,697,275	100 000 %
MUNSON SERVICES INC PO BOX 1188 TRAVERSE CITY, MI496851188 38-3144382	PHARMACY	MI	N/A				
MEDICAL OFFICE BUILDING CONDOMINIUM MEDICAL OFFICE BUILDING CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI496851188 38-3567278	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	49,382	50,486	100 000 %
MEDICAL OFFICE CONDOMINIUM MEDICAL OFFICE CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI496851188 20-1902620	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	171,696	33,579	74 000 %
SIXTH STREET DRUGS PO BOX 1188 TRAVERSE CITY, MI496851188 38-2298290	PHARMACY	MI	N/A				
MUNSON SUPPORT SERVICES PO BOX 1188 TRAVERSE CITY, MI496851188 38-2872821	LAUNDRY	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	4,262,322	4,697,275	100 000 %
MUNSON SERVICES INC PO BOX 1188 TRAVERSE CITY, MI496851188 38-3144382	PHARMACY	MI	N/A				
MEDICAL OFFICE BUILDING CONDOMINIUM MEDICAL OFFICE BUILDING CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI496851188 38-3567278	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	49,382	50,486	100 000 %

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(2)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(3)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(4)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(5)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(6)	MUNSON HEALTHCARE	B	3,000,000	FMV
(7)	MUNSON HEALTHCARE	D	175,000	FMV
(8)	MUNSON HEALTHCARE	L	1,296,936	FMV
(9)	MUNSON HEALTHCARE	N	537,361	FMV
(10)	MUNSON HEALTHCARE	O	3,801,201	FMV
(11)	MUNSON HEALTHCARE	P	6,803,977	FMV
(12)	MUNSON HEALTHCARE	R	2,017,267	FMV
(13)	MUNSON HEALTHCARE	E	175,000	FMV
(14)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(15)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(16)	MUNSON HOME CARE	I	131,462	FMV
(17)	MUNSON HOME CARE	K	171,983	FMV
(18)	MUNSON HOME CARE	P	13,958,889	FMV
(19)	MUNSON HOME CARE	R	418,000	FMV
(20)	MUNSON HOME HEALTH	I	58,800	FMV
(21)	MUNSON HOME HEALTH	P	1,907,512	FMV
(22)	MUNSON HOME SERVICES	K	147,425	FMV
(23)	MUNSON HOME SERVICES	P	3,563,145	FMV
(24)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(25)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(26)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(27)	MUNSON MEDICAL GROUP	D	900,000	FMV
(28)	MUNSON MEDICAL GROUP	O	230,660	FMV
(29)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(30)	MUNSON MEDICAL GROUP	N	1,173,909	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(31)	MUNSON MOBILE IMAGING	O	54,837	FMV
(32)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(33)	MUNSON SERVICES INC	K	93,329	FMV
(34)	MUNSON SERVICES INC	N	2,021,387	FMV
(35)	MUNSON SERVICES INC	P	55,870	FMV
(36)	MUNSON SERVICES INC	O	64,212	FMV
(37)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(38)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(39)	NORTH FLIGHT INC	L	55,783	FMV
(40)	NORTH FLIGHT INC	P	6,400,955	FMV
(41)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(42)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(43)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(44)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(45)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(46)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(47)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(48)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(49)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(50)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(51)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(52)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(53)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(54)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(55)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(56)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(57)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(58)	MUNSON HEALTHCARE	B	3,000,000	FMV
(59)	MUNSON HEALTHCARE	D	175,000	FMV
(60)	MUNSON HEALTHCARE	L	1,296,936	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(61)	MUNSON HEALTHCARE	N	537,361	FMV
(62)	MUNSON HEALTHCARE	O	3,801,201	FMV
(63)	MUNSON HEALTHCARE	P	6,803,977	FMV
(64)	MUNSON HEALTHCARE	R	2,017,267	FMV
(65)	MUNSON HEALTHCARE	E	175,000	FMV
(66)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(67)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(68)	MUNSON HOME CARE	I	131,462	FMV
(69)	MUNSON HOME CARE	K	171,983	FMV
(70)	MUNSON HOME CARE	P	13,958,889	FMV
(71)	MUNSON HOME CARE	R	418,000	FMV
(72)	MUNSON HOME HEALTH	I	58,800	FMV
(73)	MUNSON HOME HEALTH	P	1,907,512	FMV
(74)	MUNSON HOME SERVICES	K	147,425	FMV
(75)	MUNSON HOME SERVICES	P	3,563,145	FMV
(76)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(77)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(78)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(79)	MUNSON MEDICAL GROUP	D	900,000	FMV
(80)	MUNSON MEDICAL GROUP	O	230,660	FMV
(81)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(82)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(83)	MUNSON MOBILE IMAGING	O	54,837	FMV
(84)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(85)	MUNSON SERVICES INC	K	93,329	FMV
(86)	MUNSON SERVICES INC	N	2,021,387	FMV
(87)	MUNSON SERVICES INC	P	55,870	FMV
(88)	MUNSON SERVICES INC	O	64,212	FMV
(89)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(90)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(91)	NORTH FLIGHT INC	L	55,783	FMV
(92)	NORTH FLIGHT INC	P	6,400,955	FMV
(93)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(94)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(95)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(96)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(97)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(98)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(99)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(100)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(101)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(102)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(103)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(104)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(105)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(106)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(107)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(108)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(109)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(110)	MUNSON HEALTHCARE	B	3,000,000	FMV
(111)	MUNSON HEALTHCARE	D	175,000	FMV
(112)	MUNSON HEALTHCARE	L	1,296,936	FMV
(113)	MUNSON HEALTHCARE	N	537,361	FMV
(114)	MUNSON HEALTHCARE	O	3,801,201	FMV
(115)	MUNSON HEALTHCARE	P	6,803,977	FMV
(116)	MUNSON HEALTHCARE	R	2,017,267	FMV
(117)	MUNSON HEALTHCARE	E	175,000	FMV
(118)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(119)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(120)	MUNSON HOME CARE	I	131,462	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(121)	MUNSON HOME CARE	K	171,983	FMV
(122)	MUNSON HOME CARE	P	13,958,889	FMV
(123)	MUNSON HOME CARE	R	418,000	FMV
(124)	MUNSON HOME HEALTH	I	58,800	FMV
(125)	MUNSON HOME HEALTH	P	1,907,512	FMV
(126)	MUNSON HOME SERVICES	K	147,425	FMV
(127)	MUNSON HOME SERVICES	P	3,563,145	FMV
(128)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(129)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(130)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(131)	MUNSON MEDICAL GROUP	D	900,000	FMV
(132)	MUNSON MEDICAL GROUP	O	230,660	FMV
(133)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(134)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(135)	MUNSON MOBILE IMAGING	O	54,837	FMV
(136)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(137)	MUNSON SERVICES INC	K	93,329	FMV
(138)	MUNSON SERVICES INC	N	2,021,387	FMV
(139)	MUNSON SERVICES INC	P	55,870	FMV
(140)	MUNSON SERVICES INC	O	64,212	FMV
(141)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(142)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(143)	NORTH FLIGHT INC	L	55,783	FMV
(144)	NORTH FLIGHT INC	P	6,400,955	FMV
(145)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(146)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(147)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(148)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(149)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(150)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(151)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(152)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(153)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(154)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(155)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(156)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(157)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(158)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(159)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(160)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(161)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(162)	MUNSON HEALTHCARE	B	3,000,000	FMV
(163)	MUNSON HEALTHCARE	D	175,000	FMV
(164)	MUNSON HEALTHCARE	L	1,296,936	FMV
(165)	MUNSON HEALTHCARE	N	537,361	FMV
(166)	MUNSON HEALTHCARE	O	3,801,201	FMV
(167)	MUNSON HEALTHCARE	P	6,803,977	FMV
(168)	MUNSON HEALTHCARE	R	2,017,267	FMV
(169)	MUNSON HEALTHCARE	E	175,000	FMV
(170)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(171)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(172)	MUNSON HOME CARE	I	131,462	FMV
(173)	MUNSON HOME CARE	K	171,983	FMV
(174)	MUNSON HOME CARE	P	13,958,889	FMV
(175)	MUNSON HOME CARE	R	418,000	FMV
(176)	MUNSON HOME HEALTH	I	58,800	FMV
(177)	MUNSON HOME HEALTH	P	1,907,512	FMV
(178)	MUNSON HOME SERVICES	K	147,425	FMV
(179)	MUNSON HOME SERVICES	P	3,563,145	FMV
(180)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(181)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(182)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(183)	MUNSON MEDICAL GROUP	D	900,000	FMV
(184)	MUNSON MEDICAL GROUP	O	230,660	FMV
(185)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(186)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(187)	MUNSON MOBILE IMAGING	O	54,837	FMV
(188)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(189)	MUNSON SERVICES INC	K	93,329	FMV
(190)	MUNSON SERVICES INC	N	2,021,387	FMV
(191)	MUNSON SERVICES INC	P	55,870	FMV
(192)	MUNSON SERVICES INC	O	64,212	FMV
(193)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(194)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(195)	NORTH FLIGHT INC	L	55,783	FMV
(196)	NORTH FLIGHT INC	P	6,400,955	FMV
(197)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(198)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(199)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(200)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(201)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(202)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(203)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(204)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(205)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(206)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(207)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(208)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(209)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(210)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(211)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(212)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(213)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(214)	MUNSON HEALTHCARE	B	3,000,000	FMV
(215)	MUNSON HEALTHCARE	D	175,000	FMV
(216)	MUNSON HEALTHCARE	L	1,296,936	FMV
(217)	MUNSON HEALTHCARE	N	537,361	FMV
(218)	MUNSON HEALTHCARE	O	3,801,201	FMV
(219)	MUNSON HEALTHCARE	P	6,803,977	FMV
(220)	MUNSON HEALTHCARE	R	2,017,267	FMV
(221)	MUNSON HEALTHCARE	E	175,000	FMV
(222)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(223)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(224)	MUNSON HOME CARE	I	131,462	FMV
(225)	MUNSON HOME CARE	K	171,983	FMV
(226)	MUNSON HOME CARE	P	13,958,889	FMV
(227)	MUNSON HOME CARE	R	418,000	FMV
(228)	MUNSON HOME HEALTH	I	58,800	FMV
(229)	MUNSON HOME HEALTH	P	1,907,512	FMV
(230)	MUNSON HOME SERVICES	K	147,425	FMV
(231)	MUNSON HOME SERVICES	P	3,563,145	FMV
(232)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(233)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(234)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(235)	MUNSON MEDICAL GROUP	D	900,000	FMV
(236)	MUNSON MEDICAL GROUP	O	230,660	FMV
(237)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(238)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(239)	MUNSON MOBILE IMAGING	O	54,837	FMV
(240)	MUNSON MOBILE IMAGING	P	1,214,143	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(241)	MUNSON SERVICES INC	K	93,329	FMV
(242)	MUNSON SERVICES INC	N	2,021,387	FMV
(243)	MUNSON SERVICES INC	P	55,870	FMV
(244)	MUNSON SERVICES INC	O	64,212	FMV
(245)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(246)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(247)	NORTH FLIGHT INC	L	55,783	FMV
(248)	NORTH FLIGHT INC	P	6,400,955	FMV
(249)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(250)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(251)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(252)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(253)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(254)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(255)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(256)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(257)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(258)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(259)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(260)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(261)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(262)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(263)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(264)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(265)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(266)	MUNSON HEALTHCARE	B	3,000,000	FMV
(267)	MUNSON HEALTHCARE	D	175,000	FMV
(268)	MUNSON HEALTHCARE	L	1,296,936	FMV
(269)	MUNSON HEALTHCARE	N	537,361	FMV
(270)	MUNSON HEALTHCARE	O	3,801,201	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(271)	MUNSON HEALTHCARE	P	6,803,977	FMV
(272)	MUNSON HEALTHCARE	R	2,017,267	FMV
(273)	MUNSON HEALTHCARE	E	175,000	FMV
(274)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(275)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(276)	MUNSON HOME CARE	I	131,462	FMV
(277)	MUNSON HOME CARE	K	171,983	FMV
(278)	MUNSON HOME CARE	P	13,958,889	FMV
(279)	MUNSON HOME CARE	R	418,000	FMV
(280)	MUNSON HOME HEALTH	I	58,800	FMV
(281)	MUNSON HOME HEALTH	P	1,907,512	FMV
(282)	MUNSON HOME SERVICES	K	147,425	FMV
(283)	MUNSON HOME SERVICES	P	3,563,145	FMV
(284)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(285)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(286)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(287)	MUNSON MEDICAL GROUP	D	900,000	FMV
(288)	MUNSON MEDICAL GROUP	O	230,660	FMV
(289)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(290)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(291)	MUNSON MOBILE IMAGING	O	54,837	FMV
(292)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(293)	MUNSON SERVICES INC	K	93,329	FMV
(294)	MUNSON SERVICES INC	N	2,021,387	FMV
(295)	MUNSON SERVICES INC	P	55,870	FMV
(296)	MUNSON SERVICES INC	O	64,212	FMV
(297)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(298)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(299)	NORTH FLIGHT INC	L	55,783	FMV
(300)	NORTH FLIGHT INC	P	6,400,955	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(301)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(302)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(303)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(304)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(305)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(306)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(307)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(308)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(309)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(310)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(311)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(312)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(313)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(314)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(315)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(316)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(317)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(318)	MUNSON HEALTHCARE	B	3,000,000	FMV
(319)	MUNSON HEALTHCARE	D	175,000	FMV
(320)	MUNSON HEALTHCARE	L	1,296,936	FMV
(321)	MUNSON HEALTHCARE	N	537,361	FMV
(322)	MUNSON HEALTHCARE	O	3,801,201	FMV
(323)	MUNSON HEALTHCARE	P	6,803,977	FMV
(324)	MUNSON HEALTHCARE	R	2,017,267	FMV
(325)	MUNSON HEALTHCARE	E	175,000	FMV
(326)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(327)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(328)	MUNSON HOME CARE	I	131,462	FMV
(329)	MUNSON HOME CARE	K	171,983	FMV
(330)	MUNSON HOME CARE	P	13,958,889	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(331)	MUNSON HOME CARE	R	418,000	FMV
(332)	MUNSON HOME HEALTH	I	58,800	FMV
(333)	MUNSON HOME HEALTH	P	1,907,512	FMV
(334)	MUNSON HOME SERVICES	K	147,425	FMV
(335)	MUNSON HOME SERVICES	P	3,563,145	FMV
(336)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(337)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(338)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(339)	MUNSON MEDICAL GROUP	D	900,000	FMV
(340)	MUNSON MEDICAL GROUP	O	230,660	FMV
(341)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(342)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(343)	MUNSON MOBILE IMAGING	O	54,837	FMV
(344)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(345)	MUNSON SERVICES INC	K	93,329	FMV
(346)	MUNSON SERVICES INC	N	2,021,387	FMV
(347)	MUNSON SERVICES INC	P	55,870	FMV
(348)	MUNSON SERVICES INC	O	64,212	FMV
(349)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(350)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(351)	NORTH FLIGHT INC	L	55,783	FMV
(352)	NORTH FLIGHT INC	P	6,400,955	FMV
(353)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(354)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(355)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(356)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(357)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(358)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(359)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(360)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(361)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(362)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(363)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(364)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(365)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(366)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(367)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(368)	MUNSON DIALYSIS CENTER	P	968,479	FMV
(369)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(370)	MUNSON HEALTHCARE	B	3,000,000	FMV
(371)	MUNSON HEALTHCARE	D	175,000	FMV
(372)	MUNSON HEALTHCARE	L	1,296,936	FMV
(373)	MUNSON HEALTHCARE	N	537,361	FMV
(374)	MUNSON HEALTHCARE	O	3,801,201	FMV
(375)	MUNSON HEALTHCARE	P	6,803,977	FMV
(376)	MUNSON HEALTHCARE	R	2,017,267	FMV
(377)	MUNSON HEALTHCARE	E	175,000	FMV
(378)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(379)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(380)	MUNSON HOME CARE	I	131,462	FMV
(381)	MUNSON HOME CARE	K	171,983	FMV
(382)	MUNSON HOME CARE	P	13,958,889	FMV
(383)	MUNSON HOME CARE	R	418,000	FMV
(384)	MUNSON HOME HEALTH	I	58,800	FMV
(385)	MUNSON HOME HEALTH	P	1,907,512	FMV
(386)	MUNSON HOME SERVICES	K	147,425	FMV
(387)	MUNSON HOME SERVICES	P	3,563,145	FMV
(388)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(389)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(390)	MUNSON MEDICAL GROUP	B	3,324,457	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(391)	MUNSON MEDICAL GROUP	D	900,000	FMV
(392)	MUNSON MEDICAL GROUP	O	230,660	FMV
(393)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(394)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(395)	MUNSON MOBILE IMAGING	O	54,837	FMV
(396)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(397)	MUNSON SERVICES INC	K	93,329	FMV
(398)	MUNSON SERVICES INC	N	2,021,387	FMV
(399)	MUNSON SERVICES INC	P	55,870	FMV
(400)	MUNSON SERVICES INC	O	64,212	FMV
(401)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(402)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(403)	NORTH FLIGHT INC	L	55,783	FMV
(404)	NORTH FLIGHT INC	P	6,400,955	FMV
(405)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(406)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(407)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(408)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(409)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(410)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(411)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(412)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(413)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(414)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(415)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(416)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV
(417)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	P	219,689	FMV
(418)	MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	J	177,622	FMV
(419)	MUNSON DIALYSIS CENTER	K	117,888	FMV
(420)	MUNSON DIALYSIS CENTER	P	968,479	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(421)	MUNSON DIALYSIS CENTER	N	1,769,724	FMV
(422)	MUNSON HEALTHCARE	B	3,000,000	FMV
(423)	MUNSON HEALTHCARE	D	175,000	FMV
(424)	MUNSON HEALTHCARE	L	1,296,936	FMV
(425)	MUNSON HEALTHCARE	N	537,361	FMV
(426)	MUNSON HEALTHCARE	O	3,801,201	FMV
(427)	MUNSON HEALTHCARE	P	6,803,977	FMV
(428)	MUNSON HEALTHCARE	R	2,017,267	FMV
(429)	MUNSON HEALTHCARE	E	175,000	FMV
(430)	MUNSON HEALTHCARE REGIONAL FOUNDATI	C	885,750	FMV
(431)	MUNSON HEALTHCARE REGIONAL FOUNDATI	L	541,361	FMV
(432)	MUNSON HOME CARE	I	131,462	FMV
(433)	MUNSON HOME CARE	K	171,983	FMV
(434)	MUNSON HOME CARE	P	13,958,889	FMV
(435)	MUNSON HOME CARE	R	418,000	FMV
(436)	MUNSON HOME HEALTH	I	58,800	FMV
(437)	MUNSON HOME HEALTH	P	1,907,512	FMV
(438)	MUNSON HOME SERVICES	K	147,425	FMV
(439)	MUNSON HOME SERVICES	P	3,563,145	FMV
(440)	MUNSON MEDICAL BUILDING PARTNERS	J	634,584	FMV
(441)	MUNSON MEDICAL BUILDING PARTNERS	Q	634,584	FMV
(442)	MUNSON MEDICAL GROUP	B	3,324,457	FMV
(443)	MUNSON MEDICAL GROUP	D	900,000	FMV
(444)	MUNSON MEDICAL GROUP	O	230,660	FMV
(445)	MUNSON MEDICAL GROUP	P	2,625,033	FMV
(446)	MUNSON MEDICAL GROUP	N	1,173,909	FMV
(447)	MUNSON MOBILE IMAGING	O	54,837	FMV
(448)	MUNSON MOBILE IMAGING	P	1,214,143	FMV
(449)	MUNSON SERVICES INC	K	93,329	FMV
(450)	MUNSON SERVICES INC	N	2,021,387	FMV

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(451)	MUNSON SERVICES INC	P	55,870	FMV
(452)	MUNSON SERVICES INC	O	64,212	FMV
(453)	MUNSON SUPPORT SERVICES	L	2,086,049	FMV
(454)	MUNSON SUPPORT SERVICES	P	2,165,095	FMV
(455)	NORTH FLIGHT INC	L	55,783	FMV
(456)	NORTH FLIGHT INC	P	6,400,955	FMV
(457)	NORTHERN MICHIGAN SUPPLY ALLIANCE	D	10,306,000	FMV
(458)	NORTHERN MICHIGAN SUPPLY ALLIANCE	I	126,000	FMV
(459)	NORTHERN MICHIGAN SUPPLY ALLIANCE	O	17,315,778	FMV
(460)	NORTHERN MICHIGAN SUPPLY ALLIANCE	R	10,181,000	FMV
(461)	NORTHERN MICHIGAN SUPPLY ALLIANCE	N	473,916	FMV
(462)	NORTHERN MICHIGAN SUPPLY ALLIANCE	L	2,753,851	FMV
(463)	PAUL OLIVER MEMORIAL HOSPITAL	K	1,688,687	FMV
(464)	PAUL OLIVER MEMORIAL HOSPITAL	N	939,935	FMV
(465)	PAUL OLIVER MEMORIAL HOSPITAL	O	182,903	FMV
(466)	PAUL OLIVER MEMORIAL HOSPITAL	P	5,629,919	FMV
(467)	SIXTH STREET CONDO ASSOCIATION	J	130,178	FMV
(468)	SIXTH STREET CONDO ASSOCIATION	P	240,132	FMV

CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Munson Healthcare and Subsidiaries
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP



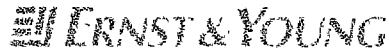
Munson Healthcare and Subsidiaries

Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

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Ernst & Young LLP
Suite 1700
11170 Greenwood Avenue NW
Greenwood Village, Colorado 80138
Tel: 303.774.0711
Fax: 303.774.0141
www.ey.com

Report of Independent Auditors

The Board of Directors
Munson Healthcare and Subsidiaries

We have audited the accompanying consolidated balance sheets of Munson Healthcare and Subsidiaries (collectively, the Organization) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Organization's internal control over financial reporting. Our audits included 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 the Organization'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 financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Munson Healthcare and Subsidiaries as of June 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 21, 2011

Munson Healthcare and Subsidiaries

Consolidated Balance Sheets

	June 30	
	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 62,567,889	\$ 77,797,829
Short-term investments	25,156,234	—
Accounts receivable, net	73,668,954	70,731,752
Inventory	17,259,171	16,116,030
Other current assets	12,201,548	9,796,333
Total current assets	190,853,796	174,441,944
Investments	200,859,389	172,232,310
Investments in joint ventures	3,713,642	3,591,639
Property and equipment, net	256,094,231	254,758,080
Other assets	8,476,533	4,169,440
 Total assets	 <u><u>\$ 659,997,591</u></u>	 <u><u>\$ 609,193,413</u></u>

	June 30	
	2011	2010
Liabilities and net assets		
Current liabilities:		
Current maturities of long-term debt	\$ 4,766,989	\$ 4,603,214
Trade accounts payable	13,238,635	14,874,243
Accrued compensation	28,717,681	25,269,680
Accrued retirement benefits	1,691,851	3,404,952
Third-party settlements and reserves	13,988,291	15,157,067
Other current liabilities	10,354,278	9,959,555
Total current liabilities	72,757,725	73,268,711
Long-term debt, less current maturities	125,590,146	130,326,065
Accrued postretirement benefit obligation	11,955,316	11,656,912
Accrued pension obligation	64,285,054	90,384,257
Other liabilities	8,872,137	8,466,967
Total liabilities	283,460,378	314,102,912
Net assets:		
Unrestricted	357,204,343	279,757,713
Temporarily restricted	17,640,424	13,640,342
Permanently restricted	1,692,446	1,692,446
Total net assets	376,537,213	295,090,501
Total liabilities and net assets	\$ 659,997,591	\$ 609,193,413

See accompanying notes

Munson Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2011	2010
Unrestricted revenue		
Net patient service revenue	\$ 514,986,429	\$ 492,141,204
Other operating revenue	18,642,442	16,072,811
Total unrestricted revenue	533,628,871	508,214,015
Operating expenses		
Salaries and wages	205,038,922	192,535,228
Fringe benefits	66,311,263	64,750,651
Contract labor	1,708,948	1,350,939
Physician fees	15,915,212	12,932,787
Purchased services	19,471,537	18,723,691
Supplies	122,348,638	122,223,979
Occupancy	11,102,517	10,184,855
Equipment, software, and maintenance	16,229,310	14,511,967
Depreciation and amortization	29,699,251	27,489,837
Interest	2,461,450	2,682,260
Insurance	4,641,997	3,918,509
Other	8,351,176	8,267,973
Provision for uncollectible accounts	16,858,496	14,887,865
	520,138,717	494,460,541
Less shared services revenue	10,896,309	10,387,270
Total expenses	509,242,408	484,073,271
Operating income	24,386,463	24,140,744
Other gain (loss), net	24,658,122	21,906,907
Swap market value changes	1,763,406	(2,199,521)
Excess of revenue over expenses	\$ 50,807,991	\$ 43,848,130

See accompanying notes

Munson Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended June 30	
	2011	2010
Excess of revenue over expenses	\$ 50,807,991	\$ 43,848,130
Unrestricted net assets		
Transfer to affiliates	(75,000)	—
Net assets released from restriction	131,400	722,689
Pension and other postretirement benefit-related changes other than net periodic pension costs	26,582,239	(15,709,039)
Increase in unrestricted net assets	77,446,630	28,861,780
Temporarily restricted net assets		
Contributions	3,634,338	3,290,656
Investment income for restricted net assets	1,870,345	847,729
Grant distributions	(1,504,601)	(1,283,117)
Net assets released from restriction	—	(224,769)
Increase in temporarily restricted net assets	4,000,082	2,630,499
Increase in net assets	81,446,712	31,492,279
Net assets, beginning of period	295,090,501	263,598,222
Net assets, end of period	<u><u>\$ 376,537,213</u></u>	<u><u>\$ 295,090,501</u></u>

See accompanying notes

Munson Healthcare and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2011	2010
Operating activities		
Increase in net assets	\$ 81,446,712	\$ 31,492,279
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,857,386	27,717,133
Provision for uncollectible accounts	16,858,496	14,887,865
Transfer to affiliates	75,000	—
Net gains on sale of property and equipment	(74,061)	(32,788)
Undistributed gain on equity investment	(1,696,499)	(1,348,625)
Change in pension and other postretirement benefits other than net periodic pension costs	(26,582,239)	15,709,039
Increase in temporarily restricted net assets	(4,000,082)	(2,630,499)
Net change in fair value of interest rate swaps	(1,763,406)	2,199,521
Realized gain on sale of Fincor shares	—	(6,388,179)
Increase in assets:		
Accounts receivable, inventory and other assets	(22,640,840)	(16,642,585)
Net change in trading investments	(53,787,863)	(8,323,871)
Increase (decrease) in liabilities:		
Accounts payable and third-party settlements	(3,055,325)	(2,512,764)
Accrued compensation, retirement benefits, pension, and postretirement benefit obligation	2,516,340	5,445,581
Other current liabilities	2,543,299	(85,928)
Net cash provided by operating activities	19,696,918	59,486,179

Munson Healthcare and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30	
	2011	2010
Investing activities		
Purchase of property and equipment	\$ (22,929,739)	\$ (26,078,733)
Business acquisitions	(13,102,601)	—
Proceeds from sale of property and equipment	173,498	68,068
Distributions from joint ventures	1,579,046	1,540,567
Net cash used in investing activities	(34,279,796)	(24,470,098)
Financing activities		
Principal payments of debt obligations	(4,572,144)	(4,376,849)
Transfers to affiliates	(75,000)	—
Increase in temporarily restricted net assets	4,000,082	2,630,499
Net cash used in financing activities	(647,062)	(1,746,350)
Net (decrease) increase in cash and cash equivalents	(15,229,940)	33,269,731
Cash and cash equivalents at beginning of year	77,797,829	44,528,098
Cash and cash equivalents at end of year	<u>\$ 62,567,889</u>	<u>\$ 77,797,829</u>
Supplemental information:		
Cash paid for interest	\$ 2,501,328	\$ 2,728,622
Cash paid for income taxes	\$ 265,881	\$ 271,000

See accompanying notes

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2011

1. Nature of Business and Significant Accounting Policies

Reporting Entity and Corporate Structure

Munson Healthcare is a non-profit parent company and is responsible for the governance and management of its subsidiaries which provide primary, secondary, and tertiary care to residents of the northern portion of Michigan's Lower Peninsula. The overall mission of Munson Healthcare is to work with its partners to provide superior quality care and promote community health.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the parent and its subsidiaries (collectively, the Organization): Munson Healthcare; Munson Medical Center (Hospital) and its wholly owned subsidiaries, Munson Support Services and Munson Medical Group (see Note 12); Paul Oliver Memorial Hospital and its wholly owned subsidiary, Paul Oliver Memorial Hospital Foundation; Munson Home Health and its wholly owned subsidiaries, Munson Home Care and Munson Home Services; Munson Services, Inc. and its wholly owned subsidiary, Sixth Street Drugs; North Flight, Inc.; Munson Mobile Imaging, Inc.; Munson Healthcare Regional Foundation; Munson Dialysis Center; Munson Medical Building Partnership; and Northern Michigan Supply Alliance, L.L.C. All material intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Although actual results could differ from those estimates, management believes estimated amounts recorded are reasonable and appropriate.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in investments.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Reclassifications

Certain amounts previously reported in 2010 have been reclassified to conform with the presentation used in 2011.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services provided and include estimated retroactive revenue adjustments due to future audits and reviews. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known. Net patient service revenue increased by \$4.0 million and \$1.2 million for the years ended June 30, 2011 and 2010, respectively, related to changes in estimated third-party settlements for prior years.

Net patient service revenue is composed of the following for the years ended:

	June 30, 2011		June 30, 2010	
	Amount	Percent	Amount	Percent
Inpatient services	\$ 657,337,585	55.5%	\$ 641,480,548	57.8%
Outpatient services	526,766,924	44.5	468,936,403	42.2
Total patient charges	1,184,104,509	100.0	1,110,416,951	100.0
Total deductions	669,118,080	56.5	618,275,747	55.7
Total	\$ 514,986,429	43.5%	\$ 492,141,204	44.3%

A significant portion of the Organization's services is provided to patients under Medicare, Medicaid, Blue Cross Blue Shield of Michigan, and other agreements with third-party contractual agencies. Such contracts provide for payment or reimbursement to the Organization at other-than-standard charges. For the years ended June 30, 2011 and 2010, approximately 80.6% and 81.4%, respectively, of the Organization's net patient service revenue is received from the Medicare, Medicaid, and Blue Cross Blue Shield of Michigan programs. Estimated settlements have been reflected in the accompanying consolidated balance sheets for differences between interim payments and the total payments to be received under the contracts.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. For the purpose of recognizing investment returns as a component of excess of revenues over expenses, substantially all the Organization's investments are considered to be trading securities. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless a donor or law restricts the income or loss. Gains or losses with respect to disposition of marketable securities are based on the specific identification method.

Equity securities expose the Organization to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is that risk associated with a company's operating performance. Liquidity risk tends to be higher for foreign equities and equities related to small capitalization companies.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair market value at the date of donation. Depreciation on property and equipment, excluding construction-in-progress, is computed using the straight-line method over the estimated useful lives of the assets. The general range of estimated useful lives of the assets is twenty to forty years for buildings, ten to twenty years for land improvements and three to ten years for equipment. Outlays for construction-in-progress are capitalized as incurred.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Asset Impairment

The Organization considers whether indicators of impairment are present and performs the necessary test to determine if the carrying value of an asset is appropriate. Impairment write-downs, except for those related to investments, are recognized in operating income at the time the impairment is identified.

Other Assets, Including Intangible Assets

Other assets consist of deferred charges, which represent bond issuance costs that are being amortized over the term of the bonds, intangible assets, and an interest in a closely held medical liability insurer and integrated risk management company valued at cost.

In connection with business combinations, the Organization has recorded goodwill and definite-lived intangible assets on the accompanying consolidated balance sheets. The Organization reviews annually, or more frequently if events or changes in circumstances suggest impairment may have occurred, the carrying value of the goodwill and intangible assets for impairment and to determine if an adjustment, for definite-lived intangibles, to the amortization period is necessary. If circumstances suggest that the recorded amounts of any of these assets cannot be recovered, the carrying values of such assets are reduced to fair value. If the carrying value of any of these assets is impaired, a material charge may be incurred to results of operations. It has been determined that there was no significant impairment to intangible assets, including goodwill, as of June 30, 2011 and 2010.

Derivative Financial Instruments

The Organization has entered into interest rate swap agreements with banks to manage its investments and capitalization, including risks associated with changes in interest rates. The Organization records its derivative instruments as either assets or liabilities in the accompanying consolidated balance sheets at fair value. The cash flows associated with the swap agreements flow through other operating expenses on the accompanying consolidated statements of operations and changes in net assets. The unrealized derivative gain or loss related to the change in fair value is included in swap market value changes on the consolidated statements of operations and changes in net assets as part of excess of revenue over expenses.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Net Assets

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets are endowment funds to be held in perpetuity by the Organization. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

In fiscal 2009, the Organization became aware of its historical ownership interest in a privately held company and recorded the original \$3,743,000 cost basis of this investment in the consolidated statement of changes in net assets for the year ended June 30, 2009. In fiscal 2010, the Organization divested its entire ownership interest in this company and recognized a gain of \$6,388,179 within other gain (loss), net.

Operating Indicator

The Organization's operating indicator (operating income) includes all net patient service revenues and other revenues and expenses from the Organization's operations for the reporting period. The operating indicator excludes other gain (loss), net and swap market value changes.

Performance Indicator

The Organization's performance indicator (excess of revenue over expenses) includes all changes in unrestricted net assets other than transfers to affiliates, net assets released from restrictions, and pension and other postretirement benefit-related changes other than net periodic pension costs.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Amount Received From Shared Services

Total operating expenses are reduced by the amount reported as less shared services revenue, which represents revenue received from affiliates and other health care providers for the purchase of goods and services. The expenses related to this revenue are included in the operating expense line items.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Gross charges for charity care for the years ended June 30, 2011 and 2010 were \$20,588,422 and \$21,082,995, respectively.

Tax Status

All entities are tax-exempt under various provisions under the Internal Revenue Code except for Munson Support Services; Munson Services, Inc.; Sixth Street Drugs, Inc.; Munson Medical Building Partnership; and Northern Michigan Supply Alliance, L.L.C. Any tax provision for these entities is not material to the overall consolidated financial statements.

Adoption of New Accounting Standards

Effective for the year ended June 30, 2011, the Organization adopted new accounting guidance related to fair value measurement and disclosures. The amended guidance requires reporting entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy. Reporting entities are also required to disclose information in the Level 3 reconciliation regarding purchases, sales, issuances, and settlements on a gross basis. In addition to these new disclosure requirements, the new guidance further clarifies existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Accounting guidance was recently issued for mergers and acquisitions involving not-for-profit entities. This guidance establishes principles to assist not-for-profit entities in determining if a combination is to be accounted for as a merger or an acquisition. The guidance applies the carryover (similar to pooling) method to accounting for a merger, and the purchase accounting method to accounting for an acquisition, and clarifies the valuation basis to be used in determining the values of the assets and liabilities acquired. In addition, this guidance makes provisions related to goodwill fully applicable to not-for-profit entities. Effective July 1, 2010, the Organization adopted this guidance.

Recently Issued Accounting Standards Not Yet Adopted

In August 2010, new accounting guidance was issued that requires cost to be used as the measurement basis for charity care disclosure purposes and, for those purposes, defines cost as the direct and indirect costs of providing charity care. This guidance also requires disclosure of the method used to identify and determine costs. This guidance is effective for fiscal years beginning after December 15, 2010. The Organization is currently evaluating the impact of adoption of this guidance on its consolidated financial position and results of operations, but the impact is not expected to be material.

In August 2010, new accounting guidance was issued that clarifies that expected insurance recoveries of health care entities should be reported separately from the related claim liability. In addition, the claim liability is determined without consideration of insurance recoveries. A cumulative-effect adjustment is to be recognized in the opening net assets in the period of adoption if a difference exists between any liabilities and insurance receivables recorded as a result of applying this new guidance. This guidance is effective for annual or interim periods beginning after December 15, 2010. The Organization is currently evaluating the impact of adoption of this guidance on its consolidated financial position and results of operations, but the impact is not expected to be material.

In July 2011, new accounting guidance was issued that requires health care entities change the presentation of their statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required related to the entity's policies for recognizing revenue and assessing bad debts. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. The Organization is evaluating the effect of adoption and does not consider that its adoption will have a material effect on its consolidated financial statements.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Nature of Business and Significant Accounting Policies (continued)

Health Care Legislation

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. This legislation, among other matters, is designed to expand access to coverage to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing Medicare and Medicaid coverages and payments also are expected to occur as a result of this legislation. Regulations to implement these legislative acts are in the process of being developed, and accordingly, the specific impact of the legislation on the Organization is not determinable at this time.

2. Accounts Receivable

The Organization provides health care services through inpatient, outpatient, and ambulatory care facilities and grants credit to patients, substantially all of whom are local residents in the communities served by the Organization. The Organization generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance program, plans, or policies, including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies.

The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category and other factors. The results of these reviews are then used to make any modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible accounts. The Organization follows established guidelines for placing certain past-due patient balances with collection agencies.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Accounts Receivable (continued)

The Hospital has a program of factoring accounts receivable with recourse to a third party. The Hospital is obligated to repurchase factored receivables upon occurrence of certain conditions of the program. Accordingly, the Hospital accounts for the factoring as a secured borrowing, maintaining the factored receivables within other current assets, at their net realizable value until receivables are collected by the third party. As of June 30, 2011 and 2010, a total of \$4,472,281 and \$4,170,804, respectively, of accounts receivable has been factored and still has recourse potential. The Hospital has an allowance for recourse of \$700,000 and \$1,080,000 as of June 30, 2011 and 2010, respectively. Total factored receivables for the years ended June 30, 2011 and 2010 were \$7,918,934 and \$8,989,492, respectively.

The details of accounts receivable are set forth below:

	June 30	
	2011	2010
Accounts receivable	\$ 182,823,122	\$ 149,987,500
Less:		
Allowance for uncollectible accounts	10,311,824	10,664,813
Allowance for contractual adjustments	98,292,929	71,407,417
Allowance for charity care	5,820,594	3,500,000
Net accounts receivable	68,397,775	64,415,270
Other	5,271,179	6,316,482
Total accounts receivable	<u>\$ 73,668,954</u>	<u>\$ 70,731,752</u>

The composition of receivables from patients and third-party payors is as follows:

	June 30	
	2011	2010
Medicare	48%	46%
Blue Cross Blue Shield of Michigan	12	13
Commercial insurance and HMOs	17	16
Medicaid	14	14
Self-pay	9	11
Total	<u>100%</u>	<u>100%</u>

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Investments

The composition of investments is set forth in the following table. Investments are stated at fair value.

	June 30	
	2011	2010
Designated by the Board of Trustees for replacement, improvement, and expansion of tangible facilities:		
Held by bank trust department:		
Money market funds and depository funds	\$ 11,693,681	\$ 47,322,714
Debt securities:		
U.S. government and government agency obligations	43,213,994	31,189,977
Corporate obligations	38,865,038	11,993,030
Foreign obligations	776,417	317,338
Mutual funds:		
Equity investments	100,741	83,959
Common stocks:		
U.S. equities	80,894,576	61,020,840
Foreign equities	9,528,376	6,161,245
Due to broker, net	(635,842)	596,850
Other	720,168	427,760
Total designated assets	185,157,149	159,113,713
Other non-designated investments	40,858,474	13,118,597
Total investments	\$ 226,015,623	\$ 172,232,310

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

The following schedule summarizes the investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended June 30, 2011 and 2010:

	June 30	
	2011	2010
Return from:		
Investment income	\$ 3,498,109	\$ 2,416,319
Realized gains (losses) on sale of investments, net	6,503,369	4,712,896
Change in unrealized gains (losses) on investments, net	16,923,777	9,526,983
Total	<u>\$ 26,925,255</u>	<u>\$ 16,656,198</u>
Classified as:		
Other operating revenue	\$ 403,884	\$ 287,873
Other gain (loss)	24,651,026	15,520,596
Investment income (loss) on temporarily restricted net assets	1,870,345	847,729
Total	<u>\$ 26,925,255</u>	<u>\$ 16,656,198</u>

4. Investments in Joint Ventures

Investments in joint ventures, primarily the Northwest Michigan Surgery Center, LLC; Houghton Lake Ambulatory Center; Great Lakes Mobile PET Services; Great Lakes Family Care; and War Memorial Munson Health Services, are not majority owned (the Organization has a 50% or less ownership in each) or controlled and are recorded using the equity method. Equity in earnings or losses of such joint ventures is included in other operating revenue in the consolidated statements of operations and changes in net assets and totaled \$1,696,499 and \$1,348,625 for the years ended June 30, 2011 and 2010, respectively.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows:

	June 30	
	2011	2010
Land	\$ 13,040,266	\$ 11,506,216
Land improvements	2,864,358	2,782,886
Buildings	302,843,809	289,606,138
Equipment	189,258,959	189,430,698
Construction-in-progress	15,032,708	5,676,043
Total cost	523,040,100	499,001,981
Accumulated depreciation	(266,945,869)	(244,243,901)
Total property and equipment, net	<u>\$ 256,094,231</u>	<u>\$ 254,758,080</u>

Construction-in-progress at June 30, 2011, consists of costs associated with the relocation of a cardiac diagnostic suite, the infusion clinic expansion, and various other information technology and remodeling projects. At June 30, 2010, construction-in-progress consists of costs associated with the operating room expansion and various other information technology and remodeling projects.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt

Long-term debt is as follows:

	June 30	
	2011	2010
Obligated Group		
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 2005A. The bonds are the joint and several obligations of Munson Healthcare; Munson Medical Center; Paul Oliver Memorial Hospital; Munson Home Health; Munson Home Care; Munson Home Services; Munson Mobile Imaging, Inc.; Munson Healthcare Regional Foundation; and North Flight, Inc., collectively referred to as the Munson Healthcare Obligated Group. The bonds carry variable rates of interest based on Dutch auction rates, which were 3.54% at June 30, 2011. The bonds were interest only until 2010, at which time principal became payable annually in amounts ranging from \$100,000 to \$4,450,000. The bonds are payable from the revenue of Munson Healthcare Obligated Group and are collateralized by its accounts and general intangibles.	\$ 24,825,000	\$ 24,925,000
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 2005B. The bonds are the joint and several obligations of the Munson Healthcare Obligated Group. The bonds carry variable rates of interest based on Dutch auction rates, which were 3.81% at June 30, 2011. The bonds were interest only until 2008, at which time principal became payable annually in amounts ranging from \$25,000 to \$4,175,000. The bonds are payable from the revenue of Munson Healthcare Obligated Group and are collateralized by its accounts and general intangibles.	29,375,000	29,500,000
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 2002A. The bonds are the joint and several obligations of the Munson Healthcare Obligated Group. The bonds carry variable rates of interest based on Dutch auction rates, which were 3.39% at June 30, 2011. The bonds are payable annually in amounts ranging from \$1,050,000 to \$1,775,000. The bonds are payable from the revenue of Munson Healthcare Obligated Group and are collateralized by its accounts and general intangibles.	16,750,000	17,800,000

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

	June 30	
	2011	2010
Obligated Group (continued)		
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 2001A. The bonds are the joint and several obligations of the Munson Healthcare Obligated Group. The bonds carry variable rates of interest based on Dutch auction rates, which were 4.68% at June 30, 2011. The bonds are payable annually in amounts ranging from \$600,000 to \$2,150,000. The bonds are payable from the revenue of Munson Healthcare Obligated Group and are collateralized by its accounts and general intangibles.	\$ 26,450,000	\$ 27,050,000
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 1998A. The bonds are the joint and several obligations of the Munson Healthcare Obligated Group. The bonds' fixed interest rate as of June 30, 2011 was 4.75% annually and are insured through a municipal bond insurance policy. The bonds are payable annually in amounts ranging from \$1,920,000 to \$4,450,000. The bonds are payable from the revenue of Munson Healthcare Obligated Group and are collateralized by its accounts and general intangibles. The carrying amount of the bonds is net of unamortized bond discount of \$163,159 and \$175,710 at June 30, 2011 and 2010, respectively.	31,601,841	33,424,291
Other	405,064	779,609
Total Obligated Group	129,406,905	133,478,900
Other entities		
Notes payable due in monthly installments totaling \$47,660 including interest at 5.78% annually. This note is collateralized by a mortgage, security agreement, and assignment of rents on specific real estate.	950,230	1,450,379
Total	130,357,135	134,929,279
Less current portion	(4,766,989)	(4,603,214)
Long-term portion	\$125,590,146	\$130,326,065

In connection with the outstanding bond issues, the Organization has agreed to various covenants. These covenants include restrictions on transfer of assets, additional indebtedness, and maintenance of certain financial ratios.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

Due to changing market conditions, the interest rates for the variable rate notes relating to the Organization's Dutch auction rate securities (Series 2001A, 2002A, 2005A, 2005B) reset at a higher rate. The resetting of the interest rate occurs periodically every 7 to 28 days subject to the results of the auction process and is established based on the then-outstanding market conditions, which can increase or decrease the interest rate but cannot exceed 125% of the high-grade commercial paper rate for Series 2001A, 2005A, and 2005B and 150% of the high-grade commercial paper rate for Series 2002A.

Under the provisions of the master trust indenture for the Series 2005A and 2005B, the bond insurer may give notice to the Organization to convert the bonds to a fixed interest rate. To date, the Organization has not received such notice from the bond insurer and continues to monitor its financing options associated with these borrowings.

Minimum principal payments on long-term debt to maturity as of June 30, 2011, are as follows:

2012	\$ 4,766,989
2013	4,423,305
2014	4,160,000
2015	4,345,000
2016 and thereafter	<u>112,825,000</u>
Total minimum payments	130,520,294
Less unamortized bond discount	<u>(163,159)</u>
Net long-term debt	<u><u>\$ 130,357,135</u></u>

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Interest Rate Swap Agreements

The Organization has entered into fixed payor and basis interest rate swap agreements to manage interest rate risk exposure. The fixed payor interest rate swap agreement used by the Organization effectively modifies the Organization's exposure to interest rate risk by converting the Organization's floating rate debt to a fixed rate basis for the next 12 to 25 years, thus reducing the effect of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. Outstanding interest rate swap agreements are as follows:

Notional Amount as June 30, 2011	Termination Date	Receives	Pays	Market Value at June 30		
				2011	2010	Gam
Basis swap						
\$30 000 000	June 2017	70 3% of 5-year LIBOR	SIFMA Municipal Swap Index (0.09% at June 30, 2011)	\$ 1,426,321	\$ 866 721	\$ 559 600
Fixed payor swaps						
\$12 589 000	July 2022	67% of 30-day LIBOR	3.20%	(990,557)	(1 140 061)	149 504
\$24 825 000	July 2028	67% of 30-day LIBOR	3.42%	(2,663,453)	(3 131 294)	467 841
\$21 375 000	July 2035	67% of 30-day LIBOR	3.62%	(2,918,469)	(3 504 930)	586 461
				<u>\$ (5,146,158)</u>	<u>\$ (6 909 564)</u>	<u>\$ 1 763 406</u>

The Organization's basis swap derivative instrument contains provisions that require the Organization's debt to maintain an investment grade credit rating from each of the major credit rating agencies. If, on the measurement date, the Organization's debt was to fall below investment grade and the derivative instruments were in a net liability position in an amount exceeding a stated threshold, the counterparties to the derivative instrument could request immediate and ongoing full overnight collateralization. For the years ended June 30, 2011 and 2010, the Organization's basis swap was in a positive position, requiring no collateral to be posted for either of the years.

The Organization's fixed payor swap derivative instruments are insured and do not contain collateralization requirements. Under these interest rate swap transactions, various early termination events may occur, triggering an early termination payment. An early termination event occurs upon the happening of the Organization's rating downgrade and non-performance or the rating downgrade of the swap insurer, as specified in the swap agreement.

The net interest rate swaps are recorded in other liabilities in the accompanying consolidated balance sheets.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Interest Rate Swap Agreements (continued)

The cash flows associated with the swap agreements flow through other operating expenses on the accompanying consolidated statements of operations and changes in net assets in the amount of \$1,575,086 and \$1,458,347 for the years ended June 30, 2011 and 2010, respectively.

The changes in fair value are reported in the consolidated statements of operations and changes in net assets as part of excess of revenue over expenses. The unrealized loss in fair value of the basis swaps decreased by \$1,763,406 and increased by \$2,199,521 for the years ended June 30, 2011 and 2010, respectively.

8. Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value of certain assets and liabilities and expands disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The carrying values of cash and cash equivalents, accounts receivable, third party settlements, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments are recorded at their fair value. At June 30, 2011 and 2010, the fair value of the Organization's long-term debt as estimated by discounted cash flow analyses using current borrowing rates for similar types of borrowing arrangements and adjusted for credit was approximately \$131,560,000 and \$135,260,000, respectively (see Note 6).

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

Certain of the Organization's financial assets are measured at fair value on a recurring basis, including money market and fixed income and equity instruments. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of cash and financial instruments such as money market securities and listed equities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap contracts.

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

The fair value of financial assets and liabilities measured on a recurring basis was determined using the following inputs at June 30, 2011:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Market Value			
Assets				
Cash and cash equivalents	\$ 62,567,889	\$ 62,567,889	\$ —	\$ —
Money market fund and depository funds held by a bank trust department	14,608,072	14,608,072	—	—
Debt securities				
U S government and government agency obligations	67,812,612	—	67,812,612	—
Corporate obligations	44,857,328	—	44,857,328	—
Foreign obligations	776,417	—	776,417	—
Mutual funds				
Fixed income investments	40,199	40,199	—	—
Equity investments	220,941	220,941	—	—
Common stocks				
U S equities	87,090,395	87,090,395	—	—
Foreign equities	9,528,376	9,528,376	—	—
Rights/warrants	52,900	52,900	—	—
Other	1,028,383	1,028,383	—	—
Total assets	<u>\$ 288,583,512</u>	<u>\$ 175,137,155</u>	<u>\$ 113,446,357</u>	<u>\$ —</u>
Liabilities				
Interest rate swaps	\$ 5,146,158	\$ —	\$ 5,146,158	\$ —
Total liabilities	<u>\$ 5,146,158</u>	<u>\$ —</u>	<u>\$ 5,146,158</u>	<u>\$ —</u>

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

The fair value of financial assets and liabilities measured on a recurring basis was determined using the following inputs at June 30, 2010:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Market Value			
Assets				
Cash and cash equivalents	\$ 77,797,829	\$ 77,797,829	\$ –	\$ –
Money market fund and depository funds held by a bank trust department	54,863,427	54,863,427	–	–
Debt securities				
U S government and government agency obligations	31,841,841	–	31,841,841	–
Corporate obligations	11,993,030	–	11,993,030	–
Foreign obligations	317,338	–	317,338	–
Mutual funds				
Fixed income investments	45,856	45,856	–	–
Equity investments	1,100,787	1,100,787	–	–
Common stocks				
U S equities	65,472,624	65,472,624	–	–
Foreign equities	6,161,245	6,161,245	–	–
Other	436,162	436,162	–	–
Total assets	<u>\$ 250,030,139</u>	<u>\$ 205,877,930</u>	<u>\$ 44,152,209</u>	<u>\$ –</u>
Liabilities				
Interest rate swaps	\$ 6,909,564	\$ –	\$ 6,909,564	\$ –
Total liabilities	<u>\$ 6,909,564</u>	<u>\$ –</u>	<u>\$ 6,909,564</u>	<u>\$ –</u>

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity, including market interest rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

The methods previously described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

9. Medical Malpractice Claims

Based on the nature of its operations, the Organization is at times subject to pending or threatened legal actions that arise in the normal course of its activities.

The Organization is insured against medical malpractice claims under a claims-made policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Terms of the policy require the Organization to be responsible for a deductible. The Organization also bears the risk of the ultimate costs of any individual claims exceeding the policy limits for claims asserted in the policy year. In addition to the primary layer of medical malpractice coverage, the Organization maintains a secondary layer of coverage through a segregated portfolio in an offshore captive insurance company. An umbrella policy provides additional coverage in addition to the primary and secondary layers. The reserve for estimated malpractice claims, recorded as other liabilities on the balance sheet, was \$3,437,000 and \$1,185,000 at June 30, 2011 and 2010, respectively, including deductibles.

If the claims-made policy was not renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, would be uninsured.

The Organization is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. The cost of the Organization's insurance policy and any deductibles paid represent the Organization's cost for such claims for the year and have been charged to operations as a current expense.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans

Munson Medical Center maintains a defined benefit pension plan and two separate retirement savings plans (RSP) covering substantially all of its employees as well as employees of certain affiliates. Munson Medical Center bills its affiliates for pension costs based on a percentage of covered wages.

The following table sets forth the funded status of the defined benefit pension plan and amounts recognized in the consolidated financial statements as of and for the years ended June 30, 2011 and 2010:

	June 30	
	2011	2010
Change in benefit obligation of the plan:		
Benefit obligation at beginning of the year	\$ 253,717,778	\$ 208,134,355
Service cost and other	8,511,198	7,215,352
Interest cost	13,805,105	13,013,874
Actuarial gain	(7,722,819)	30,420,066
Benefits paid	(5,255,117)	(5,065,869)
Benefit obligation at end of year	263,056,145	253,717,778
Change in assets of the plan:		
Fair value of assets at beginning of year	163,333,521	139,380,523
Actual return on assets	25,692,687	14,018,867
Employer contributions	15,000,000	15,000,000
Benefits paid	(5,255,117)	(5,065,869)
Fair value of assets at end of year	198,771,091	163,333,521
Funded status (deficit) at end of year	\$ (64,285,054)	\$ (90,384,257)
Amounts recognized in consolidated balance sheets:		
Accrued pension obligation	\$ (64,285,054)	\$ (90,384,257)
Accumulated adjustments to unrestricted net assets:		
Net actuarial loss	68,104,356	94,701,132
Prior service cost	279,471	367,079
Net amount recognized	\$ 4,098,773	\$ 4,683,954

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

	June 30	
	2011	2010
Components of net pension benefit cost:		
Service cost	\$ 8,511,198	\$ 7,215,352
Interest cost	13,805,105	13,013,874
Expected return on assets	(13,842,746)	(11,660,908)
Amortization of prior service cost	87,608	87,608
Amortization of net loss	7,024,016	4,446,749
Net periodic pension cost	<u>\$ 15,585,181</u>	<u>\$ 13,102,675</u>

Weighted average actuarial assumptions to determine benefit cost were:

Discount rate for benefit obligation at year-end	5.64%	5.50%
Discount rate for periodic pension costs	5.50%	6.50%
Expected rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.20%	4.24%

At June 30, 2011 and 2010, the discount rates were changed from 5.50% to 5.64% and from 6.5% to 5.5%, respectively, decreasing the projected benefit obligation by \$5.4 million in fiscal 2011 and increasing the projected benefit obligation by \$35.9 million in fiscal 2010. For the year ended June 30, 2010, the rate of compensation increase was changed from 4.5% to 4.24%, decreasing the projected benefit obligation at June 30, 2010, by \$5.9 million. At June 30, 2011 and 2010, the accumulated benefit obligation was \$231.3 million and \$220.8 million, respectively.

The Organization expects to contribute \$15.0 million to its pension plan in 2012. The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2012	\$ 6,827,744
2013	8,045,019
2014	9,353,557
2015	10,769,120
2016 – 2021	96,980,476

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

The Organization's pension plan asset allocation at June 30, 2011 and 2010, by asset category as a percentage, is as follows:

	June 30	
	2011	2010
Equity securities	46%	41%
Debt securities	48%	29%
Cash equivalents	6%	30%

The goals of the investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Organization, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits. Due to recent economic conditions, the Organization has delayed re-balancing to target allocations and is monitoring market conditions. The target allocation for each major category of plan assets is as follows:

Equity securities	55%
Fixed income	45%

The expected long-term rate of return assumption is based on the mix of assets in the plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

The following table presents the plan's financial instruments as of June 30, 2011, measured on a recurring basis within the fair value hierarchy as disclosed in Note 8:

	Fair Market Value	Fair Value Measurements at June 30, 2011, Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds – short-term investments	\$ 12,592,272	\$ 12,592,272	\$ –	\$ –
Mutual fund – equity investment	96,361	96,361	–	–
Common stock				
U S equities	80,821,287	80,821,287	–	–
Foreign equities	9,875,420	9,875,420	–	–
Debt securities				
U S government and government agency obligations	50,861,990	–	50,861,990	–
Corporate obligations	42,738,898	–	42,738,898	–
Foreign obligations	986,057	–	986,057	–
Other	798,806	144,072	654,734	–
Total assets	\$ 198,771,091	\$ 103,529,412	\$ 95,241,679	\$ –

The following table presents the plan's financial instruments as of June 30, 2010, measured on a recurring basis within the fair value hierarchy as disclosed in Note 8:

	Fair Market Value	Fair Value Measurements at June 30, 2010, Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds – short-term investments	\$ 49,411,023	\$ 49,411,023	\$ –	\$ –
Mutual fund – equity investment	80,309	80,309	–	–
Common stock				
U S equities	59,918,455	59,918,455	–	–
Foreign equities	6,310,597	6,310,597	–	–
Debt securities				
U S government and government agency obligations	35,705,871	–	35,705,871	–
Corporate obligations	11,184,112	–	11,184,112	–
Foreign obligations	294,013	–	294,013	–
Other	429,141	118,164	310,977	–
Total assets	\$ 163,333,521	\$ 115,838,548	\$ 47,494,973	\$ –

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

Munson Medical Center maintains two separate RSPs.

The first plan is for employees who continue to accrue benefits under the defined benefit plan. Prior to August 28, 2009, this plan allowed for an employer-matching contribution up to a maximum of 50% of the participants' deferrals that did not exceed 2% of compensation. Subsequent to August 28, 2009, the employer-matching contribution was eliminated.

The second plan allows for an employer-matching contribution up to a maximum of 100% of the participants' deferrals that did not exceed 3% of compensation prior to August 28, 2009, and 67% of the participants' deferrals that did not exceed 3% of compensation subsequent to August 28, 2009, with an additional 3% discretionary contribution at year-end. All employees who chose to freeze their benefit accruals in the Organization's defined benefit pension plan, employees hired after January 1, 2006, and those employees hired during 2005 who did not meet the eligibility requirements of the defined benefit plan, participate in the second plan. Accrued pension expense includes \$1,082,379 and \$2,746,270 at June 30, 2011 and 2010, respectively, for this plan.

Expenses charged to operations under these plans were \$3,825,305 and \$6,008,219 for the years ended June 30, 2011 and 2010, respectively.

11. Postretirement Benefit Obligation

The Organization has a postretirement health plan that benefits certain employees. Substantially all of the Organization's employees hired prior to December 31, 2005, may become eligible for benefits if they have ten years of service after age 45. Under provisions of the plan, the Organization's liability is limited to a fixed amount per retiree; retirees are required to make monthly contributions and are liable for any increase in the cost of health care benefits. The plan is not funded. Employees hired after December 31, 2005, are not eligible for the plan, as participation in the plan has been frozen as of that date.

At June 30, 2010, the percentage of active employees anticipated to participate in the plan was changed from 85% to 40% to better reflect recent and future experience.

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Postretirement Benefit Obligation (continued)

The following is information relating to this plan as of and for the years ended June 30, 2011 and 2010, the measurement dates for the plan:

	June 30	
	2011	2010
Benefit obligation and underfunded status	<u>\$ (11,955,316)</u>	<u>\$ (11,656,912)</u>
Employer contributions	<u>\$ 288,244</u>	<u>\$ 244,614</u>
Benefits paid	<u>\$ (288,244)</u>	<u>\$ (244,614)</u>
Weighted average assumptions:		
Discount rate	5.64%	5.50%

The Organization expects to contribute \$592,922 to its postretirement plan in 2012. The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2012	\$ 592,922
2013	677,345
2014	759,557
2015	832,682
2016 – 2021	6,036,231

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Business Combinations

In September 2010, the Organization acquired Sixth Street Drugs, Inc. (SSD) to allow for possible future campus expansions. In January 2011, the Hospital entered into agreements to integrate with two physician groups and formed Munson Medical Group (a subsidiary of the Hospital). The integrations were designed to enable the Hospital to provide the patients and communities served with improved delivery of cardiology services.

All of these transactions were accounted as acquisitions with the operating results included in the consolidated financial statements from the date of integration forward. Total consideration paid for these acquisitions totaled \$13,102,601, net of cash acquired. The allocation of the purchase price included \$506,139 of net current assets, \$4,785,000 of goodwill and other intangible assets, and \$7,811,462 of property and equipment.

The allocations were generally based on the fair value of these assets determined using the cost approach. These fair value measurements were based on significant inputs not observable in the market and thus represent Level 3 fair value measurements.

13. Functional Expenses

The Organization provides inpatient, outpatient, and long-term health care services to patients in northwest Michigan. Expenses related to providing these services for the years ended June 30, 2011 and 2010, are as follows:

	June 30	
	2011	2010
Health care services	\$ 450,600,263	\$ 431,137,632
General and administrative	57,480,796	51,817,451
Fundraising	1,161,349	1,118,188
Total	<u>\$ 509,242,408</u>	<u>\$ 484,073,271</u>

Munson Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

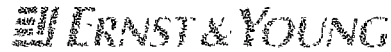
14. Subsequent Events

The Organization evaluated events and transactions occurring subsequent to June 30, 2011, through September 21, 2011, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition in the consolidated financial statements. In August 2011, the Obligated Group advance refunded the Series 1998A, Series 2001A, Series 2002A, Series 2005A, and Series 2005B (detailed in Note 6) and terminated swaps related to Series 2002A and 2005A (detailed in Note 7) with proceeds from the County of Grand Traverse Hospital Finance Authority Revenue Refunding Bonds Series 2011A (\$81,520,000), the County of Grand Traverse Hospital Finance Authority Variable Rate Revenue Refunding Bonds Series 2011B (\$24,825,000), and the County of Grand Traverse Hospital Finance Authority Revenue Refunding Bonds Series 2011C (\$22,000,000).

Effective July 1, 2011, Munson Mobile Imaging, Inc. was removed from the Obligated Group.

Other Financial Information

Ernst & Young LLP
Suite 1700
11170 Greenwood Avenue NW
Greenwood Village, Colorado 80133
Tel: 303.774.0711
Fax: 303.774.0141
www.ey.com



Ernst & Young LLP
Suite 1700
11170 Greenwood Avenue NW
Greenwood Village, Colorado 80133
Tel: 303.774.0711
Fax: 303.774.0141
www.ey.com

Report of Independent Auditors on Other Financial Information

The Board of Directors
Munson Healthcare and Subsidiaries

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

September 21, 2011

Munson Healthcare and Subsidiaries

Details of Consolidating Balance Sheet

June 30, 2011

	Munson Healthcare Obligated Group Entities										Other Munson Healthcare Entities				Consolidated Grand Total
	Munson Medical Center and Subsidiaries	Paul Oliver Memorial Hospital and Subsidiary	Munson Home Health and Subsidiaries	Munson Services, Inc. and Subsidiary	North Flight, Inc.	Munson Mobile Imaging, Inc.	Munson Healthcare Regional Foundation	Munson Healthcare	Eliminations	Total Obligated Group	Munson Dialysis Center	Munson Medical Building Partnership	Northern Michigan Supply Alliance, L.L.C.	Eliminations	
Assets															
Current assets															
Cash and cash equivalents	\$ 53,496,056	\$ 2,437,729	\$ 2,824,188	\$ 635,053	\$ 218,803	\$ 906,277	\$ 215,150	\$ 449,869	\$ –	\$ 61,183,125	\$ 1,115,867	\$ 263,996	\$ 4,901	\$ –	\$ 62,567,889
Short-term investments	25,156,234	–	–	–	–	–	–	–	–	25,156,234	–	–	–	–	25,156,234
Accounts receivable, net	61,398,985	2,186,805	4,314,237	1,512,304	1,305,402	1,008,069	387,418	37,027	–	72,150,247	524,748	48,779	945,180	–	73,668,954
Due from affiliates	836,047	–	26,602	–	–	–	–	–	(211,768)	650,881	–	–	–	(650,881)	–
Inventory	13,284,431	–	580,422	1,342,985	–	–	–	–	–	15,207,838	–	–	2,051,333	–	17,259,171
Other current assets	8,927,835	146,603	11,669	57,230	107,709	7,093	1,010,539	1,909,516	–	12,178,194	3,750	5,204	14,400	–	12,201,548
Total current assets	163,099,588	4,771,137	7,757,118	3,547,572	1,631,914	1,921,439	1,613,107	2,396,412	(211,768)	186,526,519	1,644,365	317,979	3,015,814	(650,881)	190,853,796
Investments	166,996,705	5,193,654	2,462,932	–	–	2,969,878	15,412,634	10,936,994	(3,113,408)	200,859,389	–	–	–	–	200,859,389
Investments in joint ventures	1,028,475	–	–	–	–	–	–	2,685,167	–	3,713,642	–	–	–	–	3,713,642
Investments in affiliates	–	–	–	–	–	–	–	5,569,922	(4,758,175)	811,747	–	–	–	(811,747)	–
Property and equipment, net	239,606,203	5,734,836	1,909,776	260,468	3,448,589	600,006	8,334	218,418	–	251,786,630	1,752,550	2,031,311	523,740	–	256,094,231
Other assets	6,196,527	56,533	–	1,389,858	–	–	831,845	–	–	8,474,763	–	1,770	–	–	8,476,533
Total assets	\$ 576,927,498	\$ 15,756,160	\$ 12,129,826	\$ 5,197,898	\$ 5,080,503	\$ 5,491,323	\$ 17,865,920	\$ 21,806,913	\$ (8,083,351)	\$ 652,172,690	\$ 3,396,915	\$ 2,351,060	\$ 3,539,554	\$ (1,462,628)	\$ 659,997,591
Liabilities and net assets															
Current liabilities															
Current maturities of long-term debt	\$ 3,820,000	\$ –	\$ –	\$ –	\$ –	\$ 401,046	\$ –	\$ –	\$ –	\$ 4,221,046	\$ –	\$ 545,943	\$ –	\$ –	\$ 4,766,989
Trade accounts payable	9,793,789	607,865	247,365	396,516	189,773	87,108	24,715	427,613	–	11,774,744	24,000	8,206	1,431,685	–	13,238,635
Accrued compensation	25,088,411	468,737	1,166,302	14,733	513,268	37,257	–	1,142,977	–	28,431,685	–	–	285,996	–	28,717,681
Accrued retirement benefits	1,347,195	36,150	106,919	–	38,400	5,225	–	157,962	–	1,691,851	–	–	–	–	1,691,851
Third-party settlements and reserves	13,450,376	537,915	–	–	–	–	–	–	–	13,988,291	–	–	–	–	13,988,291
Due to affiliates	–	–	–	–	–	–	211,768	–	(211,768)	–	–	40,881	610,000	(650,881)	–
Other current liabilities	8,604,866	163,957	30,012	28,474	–	6	327,870	67,752	–	9,222,937	–	113,414	13,801	1,004,126	10,354,278
Total current liabilities	62,104,637	1,814,624	1,550,598	439,723	741,441	530,642	564,353	1,796,304	(211,768)	69,330,554	24,000	708,444	2,341,482	353,245	72,757,725
Long-term debt, less current maturities	125,181,841	–	–	–	–	4,018	–	–	–	125,185,859	–	404,287	–	–	125,590,146
Accrued postretirement benefit obligation	11,955,316	–	–	–	–	–	–	–	–	11,955,316	–	–	–	–	11,955,316
Accrued pension obligation	64,285,054	–	–	–	–	–	–	–	–	64,285,054	–	–	–	–	64,285,054
Other liabilities	5,876,474	–	–	–	–	–	–	2,995,663	–	8,872,137	–	–	–	–	8,872,137
Total liabilities	269,403,322	1,814,624	1,550,598	439,723	741,441	534,660	564,353	4,791,967	(211,768)	279,628,920	24,000	1,112,731	2,341,482	353,245	283,460,378
Net assets															
Unrestricted	304,410,768	11,899,130	10,579,228	4,758,175	4,339,062	4,956,663	11,103	17,014,946	(4,758,175)	353,210,900	3,372,915	1,238,329	1,198,072	(1,815,873)	357,204,343
Temporarily restricted	3,113,408	2,042,406	–	–	–	–	15,598,018	–	(3,113,408)	17,640,424	–	–	–	–	17,640,424
Permanently restricted	–	–	–	–	–	–	1,692,446	–	–	1,692,446	–	–	–	–	1,692,446
Total net assets	307,524,176	13,941,536	10,579,228	4,758,175	4,339,062	4,956,663	17,301,567	17,014,946	(7,871,583)	372,543,770	3,372,915	1,238,329	1,198,072	(1,815,873)	376,537,213
Total liabilities and net assets	\$ 576,927,498	\$ 15,756,160	\$ 12,129,826	\$ 5,197,898	\$ 5,080,503	\$ 5,491,323	\$ 17,865,920	\$ 21,806,913	\$ (8,083,351)	\$ 652,172,690	\$ 3,396,915	\$ 2,351,060	\$ 3,539,554	\$ (1,462,628)	\$ 659,997,591

Munson Healthcare and Subsidiaries

Details of Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2011

	Munson Healthcare Obligated Group Entities										Other Munson Healthcare Entities				Consolidated Grand Total
	Munson Medical Center and Subsidiaries	Paul Oliver Memorial Hospital and Subsidiary	Munson Home Health and Subsidiaries	Munson Services, Inc. and Subsidiary	North Flight, Inc.	Munson Mobile Imaging, Inc.	Munson Healthcare Regional Foundation	Munson Healthcare	Eliminations	Total Obligated Group	Munson Dialysis Center	Munson Medical Building Partnership	Northern Michigan Supply Alliance, L.L.C.	Eliminations	
Unrestricted revenue															
Net patient service revenue	\$ 445,779,969	\$ 15,487,999	\$ 22,350,399	\$ 14,424,566	\$ 8,394,206	\$ 3,370,008	\$ –	\$ –	\$ –	\$ 509,807,147	\$ 5,179,282	\$ –	\$ –	\$ –	\$ 514,986,429
Other operating revenue	16,540,828	434,595	659,872	38,824	1,153,366	150	7	2,053,957	(2,204,329)	18,677,270	39,806	1,089,145	108,408	(1,272,187)	18,642,442
Total unrestricted revenue	462,320,797	15,922,594	23,010,271	14,463,390	9,547,572	3,370,158	7	2,053,957	(2,204,329)	528,484,417	5,219,088	1,089,145	108,408	(1,272,187)	533,628,871
Operating expenses															
Salaries and wages	173,681,446	4,828,820	13,679,463	427,712	4,723,601	833,226	–	4,266,016	–	202,440,284	–	–	2,598,638	–	205,038,922
Fringe benefits	56,502,034	1,709,347	3,826,788	66,646	1,373,121	292,626	–	1,628,549	–	65,399,111	–	–	912,152	–	66,311,263
Contract labor	2,088,616	1,185,420	596,915	2,021,387	2,943	7,550	868,659	–	(4,838,445)	1,933,045	1,896,936	–	450,299	(2,571,332)	1,708,948
Physician fees	15,019,051	871,096	25,065	–	–	–	–	–	–	15,915,212	–	–	–	–	15,915,212
Purchased services	19,341,892	1,827,631	1,375,064	261,275	1,042,837	1,104,999	155,901	1,885,626	(4,483,491)	22,511,734	255,448	101,018	233,144	(3,629,807)	19,471,537
Supplies	105,758,987	1,423,029	1,807,350	11,320,199	223,928	16,808	28,710	47,931	–	120,626,942	1,719,289	14,340	(11,933)	–	122,348,638
Occupancy	9,625,860	657,317	649,095	157,883	195,528	16,297	1,704	33,983	(37,658)	11,300,009	99,332	255,294	208,466	(760,584)	11,102,517
Equipment, software, and maintenance	13,975,619	286,263	373,746	32,518	939,247	364,939	13,871	102,903	–	16,089,106	13,456	–	126,748	–	16,229,310
Depreciation and amortization	26,972,328	812,424	238,386	98,493	561,369	521,633	336	11,269	–	29,216,238	157,371	199,016	126,626	–	29,699,251
Interest	2,351,805	–	–	–	–	40,173	–	–	–	2,391,978	–	69,472	–	–	2,461,450
Insurance	4,172,105	87,555	97,427	7,841	188,848	12,082	3,265	28,147	–	4,597,270	23,076	12,125	9,526	–	4,641,997
Other	5,515,774	466,764	1,160,039	131,324	98,263	271,699	65,978	427,913	–	8,137,754	89,060	45,486	78,876	–	8,351,176
Provision for uncollectible accounts	14,689,771	676,639	147,008	48,123	877,411	413,000	–	–	–	16,851,952	6,544	–	–	–	16,858,496
	449,695,288	14,832,305	23,976,346	14,573,401	10,227,096	3,895,032	1,138,424	8,432,337	(9,359,594)	517,410,635	4,260,512	696,751	4,732,542	(6,961,723)	520,138,717
Less shared services revenue	14,547,060	137	114,702	161,073	94,461	609,583	1,138,417	4,624,478	(9,223,594)	12,066,317	66,168	–	4,624,134	(5,860,310)	10,896,309
Total expenses	435,148,228	14,832,168	23,861,644	14,412,328	10,132,635	3,285,449	7	3,807,859	(136,000)	505,344,318	4,194,344	696,751	108,408	(1,101,413)	509,242,408
Operating income (loss), net	27,172,569	1,090,426	(851,373)	51,062	(585,063)	84,709	–	(1,753,902)	(2,068,329)	23,140,099	1,024,744	392,394	–	(170,774)	24,386,463
Other gain, net	22,423,085	453,573	86,627	–	–	411,902	–	1,282,384	–	24,657,571	–	551	–	–	24,658,122
Swap market value changes	1,763,406	–	–	–	–	–	–	–	–	1,763,406	–	–	–	–	1,763,406
Excess (deficit) of revenue over expenses	\$ 51,359,060	\$ 1,543,999	\$ (764,746)	\$ 51,062	\$ (585,063)	\$ 496,611	\$ –	\$ (471,518)	\$ (2,068,329)	\$ 49,561,076	\$ 1,024,744	\$ 392,945	\$ –	\$ (170,774)	\$ 50,807,991

Munson Healthcare and Subsidiaries

Details of Consolidating Statement of Operations and Changes in Net Assets (continued)

Year Ended June 30, 2011

	Munson Healthcare Obligated Group Entities										Other Munson Healthcare Entities				Consolidated Grand Total
	Munson Medical Center and Subsidiaries	Paul Oliver Memorial Hospital and Subsidiary	Munson Home Health and Subsidiaries	Munson Services, Inc. and Subsidiary	North Flight, Inc.	Munson Mobile Imaging, Inc.	Munson Healthcare Regional Foundation	Munson Healthcare	Eliminations	Total Obligated Group	Munson Dialysis Center	Munson Medical Building Partnership	Northern Michigan Supply Alliance, L.L.C.	Eliminations	
Unrestricted net assets															
Excess (deficit) of revenue over expenses	\$ 51,359,060	\$ 1,543,999	\$ (764,746)	\$ 51,062	\$ (585,063)	\$ 496,611	\$ –	\$ (471,518)	\$ (2,068,329)	\$ 49,561,076	\$ 1,024,744	\$ 392,945	\$ –	\$ (170,774)	\$ 50,807,991
Transfer (to) from affiliates	(3,000,000)	(1,000,000)	(1,000,000)	2,017,267	–	–	–	3,407,733	–	425,000	(500,000)	–	–	–	(75,000)
Pension and other postretirement benefit-related changes other than net periodic pension costs	26,582,239	–	–	–	–	–	–	–	–	26,582,239	–	–	–	–	26,582,239
Net assets released from restriction	131,400	–	–	–	–	–	–	–	–	131,400	–	–	–	–	131,400
Change in unrestricted net assets	75,072,699	543,999	(1,764,746)	2,068,329	(585,063)	496,611	–	2,936,215	(2,068,329)	76,699,715	524,744	392,945	–	(170,774)	77,446,630
Temporarily restricted net assets															
Contributions	1,318,113	757,959	–	–	–	–	2,876,379	–	(1,318,113)	3,634,338	–	–	–	–	3,634,338
Investment income for restricted net assets	–	–	–	–	–	–	1,870,345	–	–	1,870,345	–	–	–	–	1,870,345
Grant distributions	–	–	–	–	–	–	(1,504,601)	–	–	(1,504,601)	–	–	–	–	(1,504,601)
Net assets released from restriction	(462,130)	–	–	–	–	–	–	–	462,130	–	–	–	–	–	–
Change in temporarily restricted net assets	855,983	757,959	–	–	–	–	3,242,123	–	(855,983)	4,000,082	–	–	–	–	4,000,082
Permanently restricted net assets															
Change in permanently restricted net assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in net assets	75,928,682	1,301,958	(1,764,746)	2,068,329	(585,063)	496,611	3,242,123	2,936,215	(2,924,312)	80,699,797	524,744	392,945	–	(170,774)	81,446,712
Net assets at June 30, 2010	231,595,494	12,639,578	12,343,974	2,689,846	4,924,125	4,460,052	14,059,444	14,078,731	(4,947,271)	291,843,973	2,848,171	845,384	1,198,072	(1,645,099)	295,090,501
Net assets at June 30, 2011	<u>\$ 307,524,176</u>	<u>\$ 13,941,536</u>	<u>\$ 10,579,228</u>	<u>\$ 4,758,175</u>	<u>\$ 4,339,062</u>	<u>\$ 4,956,663</u>	<u>\$ 17,301,567</u>	<u>\$ 17,014,946</u>	<u>\$ (7,871,583)</u>	<u>\$ 372,543,770</u>	<u>\$ 3,372,915</u>	<u>\$ 1,238,329</u>	<u>\$ 1,198,072</u>	<u>\$ (1,815,873)</u>	<u>\$ 376,537,213</u>

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