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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
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
ASPIRUS KEWEENAW HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
205 OSCEOLA

City or town, state or country, and ZIP + 4
LAURIUM, MI 49913

D Employer identification number
38-1443361

E Telephone number
(906) 337-6090

G Gross receipts $ 38,046,495

F Name and address of principal officer
SHANE JACQUES
205 OSCEOLA STREET
LAURIUM, MI 49913

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW ASPIRUSKEWEENAW ORG

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

L Year of formation 1939

M State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ASPIRUS KEWEENAW HOSPITAL PROVIDES COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL AND PHYSICIAN CLINIC SERVICES

2 Check this box ▶ ☐ 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**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	455
6	Total number of volunteers (estimate if necessary)	**6**	35
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	163,563	47,254
9	Program service revenue (Part VIII, line 2g)	33,059,001	34,650,606
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,378,110	696,312
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	58,438	121,767
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	34,659,112	35,515,939
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	22,137,971	20,126,634
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	14,034,236	14,488,131
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	36,172,207	34,614,765
19	Revenue less expenses Subtract line 18 from line 12	-1,513,095	901,174

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	25,970,158	26,325,831
21	Total liabilities (Part X, line 26)	10,037,501	11,209,590
22	Net assets or fund balances Subtract line 21 from line 20	15,932,657	15,116,241

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

****** | 2012-05-15
Signature of officer | Date

SHANE JACQUES CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
TERRI REXRODE CPA MST	TERRI REXRODE CPA MST	2012-05-15	☐	

Firm's name ▶ WIPFLI LLP — Firm's EIN ▶

Firm's address ▶ PO BOX 12237
GREEN BAY, WI 543072237 — Phone no ▶ (920) 662-0016

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL, AND PHYSICIAN CLINIC SERVICES

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 $ 29,845,822 including grants of $) (Revenue $ 34,546,311)

ASPIRUS KEWEENAW HOSPITAL PROVIDES COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL, AND PHYSICIAN CLINIC SERVICES

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** ▶ $ 29,845,822

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		
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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, 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? *If "Yes," complete Schedule I, Parts I and II*	**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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2* ☑ Yes ☐ No			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	86		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	455		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
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	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	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? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

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

☐ Own website ☐ Another's website ☑ 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 ▶

SHANE JACQUES
205 OSCEOLA STREET
LAURIUM, MI 49913
(906) 337-6090

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BETTY J ANDERSON BOARD MEMBER	50	X						0	0	0
(2) GALE S ANDERSON VICE CHAIRMAN	50	X		X				0	0	0
(3) DANIEL L DALQUIST CHAIRMAN	50	X		X				0	0	0
(4) DUANE L ERWIN BOARD MEMBER	50	X						0	0	0
(5) ELIZABETH BENYI DO BOARD MEMBER	40 00	X						243,163	0	12,161
(6) DAVID H GILBERT MD SECRETARY	50	X		X				0	0	0
(7) JERRY W LUOMA MD BOARD MEMBER	40 00	X						152,798	0	22,811
(8) GLENN KAUPPILA MD BOARD MEMBER	40 00	X						202,294	0	21,146
(9) MICHAEL MURPHY BOARD MEMBER	50	X						0	0	0
(10) RICK NEVERS BOARD MEMBER	50	X						0	0	0
(11) DARRYL PIERCE BOARD MEMBER	50	X						0	0	0
(12) JOEL TUORINIEMI BOARD MEMBER	50	X						0	0	0
(13) CHUCK NELSON PRESIDENT/CEO ASPIRUS KEWEENAW HOSPITAL	40 00	X		X				215,120	0	28,317
(14) DALE TAHTINEN BOARD MEMBER	50	X						0	0	0
(15) MIKE HAUSWIRTH COO	40 00			X				138,663	0	24,155
(16) SHANE JACQUES CFO	40 00			X				75,403	0	25,892

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) GRACE TOUSIGNANT CNO	40 00			X				120,237	0	21,288
(18) MICHAEL HAGWELL CFO	40 00			X				116,648	0	21,783
(19) JOHN NOVSAD MD ANESTHESIOLOGIST	40 00					X		275,991	0	17,721
(20) MARY LIMBACK MD SURGEON	40 00					X		325,322	0	32,480
(21) BRAD LAITINEN MD ED PHYSICIAN	40 00					X		288,186	0	29,014
(22) JAMES BLACK MD ED PHYSICIAN	40 00					X		291,305	0	31,034
(23) BRUCE HARVEY MD ED DEPARTMENT DIRECTOR	40 00					X		262,097	0	26,739
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,707,227	0	314,541

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 ▶ 24

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MCKESSON DRUG COMPANY 12748 COLLECTION CENTER DR CHICAGO, IL 60693	DRUGS & SUPPLIES DISTRIBUTOR	1,509,431
MARK R SHEBUSKI MD PC 301 W LAKE AVENUE HOUGHTON, MI 49931	PROVIDER SERVICES & BUILDING	1,113,860
MARQUETTE GENERAL HOSPITAL INC 580 W COLLEGE AVENUE MARQUETTE, MI 49855	VARIOUS MEDICAL SERVICES	854,496
NATIONAL GOVERNMENT SERVICES 17003 DME MAC NON-MSP CHICAGO, IL 60680	MEDICARE PAYMENT TRUE-UP	823,180
ASPIRUS INC PO BOX 1817 WAUSAU, WI 54402	HOME OFFICE - VARIOUS	624,800

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 ▶ 32

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . .	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations . . .	1d				
	e Government grants (contributions)	1e	37,969			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	9,285			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		47,254			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE RE	621990	34,546,311	34,546,311		
	b CAFETERIA REVENUE	624200	95,596			95,596
	c VENDING REVENUE	624200	8,699			8,699
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		34,650,606			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		672,121			672,121
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					

		(i) Real	(ii) Personal				
	6a Gross Rents	124,647					
	b Less rental expenses	2,880					
	c Rental income or (loss)	121,767					
	d Net rental income or (loss) . . . . . ▶			121,767			121,767
		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	2,526,867	25,000				
	b Less cost or other basis and sales expenses	2,493,311	34,365				
	c Gain or (loss)	33,556	-9,365				
	d Net gain or (loss) . . . . . ▶			24,191			24,191
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a						
	b Less direct expenses . . . b						
	c Net income or (loss) from fundraising events . . ▶						
	9a Gross income from gaming activities See Part IV, line 19 . a						
	b Less direct expenses . . . . . b						
	c Net income or (loss) from gaming activities . . . ▶						
	10a Gross sales of inventory, less returns and allowances . a						
	b Less cost of goods sold . . b						
	c Net income or (loss) from sales of inventory . . ▶						
	Miscellaneous Revenue		Business Code				
	11a						
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a–11d . . . . . ▶						
	12 **Total revenue.** See Instructions . . . ▶			35,515,939	34,546,311	0	922,374

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,334,118	412,253	921,865	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	14,477,054	13,505,440	971,614	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	554,575	488,161	66,414	
9 Other employee benefits	2,510,916	2,210,219	300,697	
10 Payroll taxes	1,249,971	1,100,280	149,691	
a Fees for services (non-employees) Management				
b Legal	102,002		102,002	
c Accounting	106,080		106,080	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	3,469,358	3,151,599	317,759	
12 Advertising and promotion	210,383	6,261	204,122	
13 Office expenses	5,303,037	5,017,166	285,871	
14 Information technology				
15 Royalties				
16 Occupancy	469,456	422,725	46,731	
17 Travel	147,794	109,746	38,048	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	199		199	
20 Interest	279,716	251,872	27,844	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,086,040	977,933	108,107	
23 Insurance	376,318	109,275	267,043	
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 PROVISION FOR BAD DEBTS	1,921,572	1,921,572		
b OTHER EXPENSES	943,446	161,320	782,126	
c RECRUITMENT EXPENSE	72,730		72,730	
d				
e				
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	34,614,765	29,845,822	4,768,943	0
26 **Joint costs.** Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		87,114	1	26,424
	2	Savings and temporary cash investments		1,492,475	2	4,214,093
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		3,542,910	4	3,892,233
	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		420,237	8	425,266
	9	Prepaid expenses and deferred charges		1,176,727	9	1,136,957
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 21,543,842			
	b	Less accumulated depreciation	10b 14,798,073	8,014,603	10c	6,745,769
	11	Investments—publicly traded securities		6,962,309	11	4,580,689
	12	Investments—other securities See Part IV, line 11		0	12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		4,273,783	15	5,304,400
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		25,970,158	16	26,325,831
Liabilities	17	Accounts payable and accrued expenses		3,217,251	17	5,080,698
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	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		6,208,292	23	5,441,150
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		611,958	25	687,742
	26	**Total liabilities.** Add lines 17 through 25		10,037,501	26	11,209,590
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		14,690,183	27	14,855,922
	28	Temporarily restricted net assets		1,242,474	28	260,319
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		15,932,657	33	15,116,241
	34	Total liabilities and net assets/fund balances		25,970,158	34	26,325,831

Part XI Reconcilliation 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	35,515,939
2	Total expenses (must equal Part IX, column (A), line 25)	2	34,614,765
3	Revenue less expenses Subtract line 2 from line 1	3	901,174
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	15,932,657
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,717,590
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	15,116,241

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 ☑ Cash ☐ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	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	2c		No
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 ☐ Separate basis ☑ Consolidated basis ☐ 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?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
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 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 section501(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).

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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	Employer identification number
ASPIRUS KEWEENAW HOSPITAL	38-1443361

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
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-		

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

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? ☐ Yes ☐ 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		4,410
j	Total lines 1c through 1i			4,410
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	ORGANIZATION HAS INDIRECT LOBBYING ACTIVITIES THROUGH THE PAYMENT OF HOSPITAL ASSOCIATION DUES

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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
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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 ☐ Yes ☐ No

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	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 ▶ $ _____

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

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

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

b If "Yes," explain the arrangement in Part 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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

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

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

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		746,455		746,455
b Buildings		13,690,349	9,586,550	4,103,799
c Leasehold improvements				
d Equipment		6,966,967	5,211,523	1,755,444
e Other		140,071		140,071
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				6,745,769

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DUE FROM KMMC ENTERPRISES	1,011,476
(2) AMOUNT RECEIVABLE FROM THRID-PARTY REIMBURSEMENT	2,104,645
(3) INVESTMENT IN UPPER PENINSULA HEALTH NETWORK, LLC	1,229,880
(4) DUE FROM ASPIRUS, INC	3,584
(5) DUE FROM ASPIRUS KEWEENAW FOUNDATION	62,315
(6) NOTE RECEIVABLE	892,500
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,304,400

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DEFERRED COMPENSATION	687,742
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	687,742

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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	35,515,939
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	34,614,765
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	901,174
4	Net unrealized gains (losses) on investments	4	259,504
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,977,094
9	Total adjustments (net) Add lines 4 - 8	9	-1,717,590
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-816,416

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	35,439,993
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	0
3	Subtract line **2e** from line **1**			3	35,439,993
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	75,946		
c	Add lines **4a** and **4b**			4c	75,946
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	35,515,939

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	34,538,819
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	0
3	Subtract line **2e** from line **1**			3	34,538,819
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	75,946		
c	Add lines **4a** and **4b**			4c	75,946
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	34,614,765

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, ASC TOPIC 740-10, INCOME TAXES, REQUIRES AN ORGANIZATION TO ASSESS WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THAT POSITION IS NOT RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS THE HOSPITAL AND THE COMPANY RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS FEDERAL TAX RETURNS FOR THE YEARS ENDED JUNE 30, 2007, AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE APPLICABLE TAXING AUTHORITIES
		SCHEDULE D PART XII, LINE 4B, IS COMPRISED OF RENTAL EXPENSE AND EXPENSES PER THE 990 THAT ARE INCLUDED IN OTHER INCOME ON THE FINANCIAL STATEMENTS OF $75,946 SCHEDULE D, PART XIII, LINE 4B, IS COMPRISED OF RENTAL EXPENSE AND EXPENSES PER THE 990 THAT ARE INCLUDED IN OTHER INCOME ON THE FINANCIAL STATEMENTS $75,946

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	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 ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
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 *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	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)			36,512		36,512	0 110 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			3,388,962	2,291,043	1,097,919	3 360 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			3,425,474	2,291,043	1,134,431	3 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			197,290	6,370	190,920	0 580 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j **Total** Other Benefits			197,290	6,370	190,920	0 580 %
k **Total.** Add lines 7d and 7j			3,622,764	2,297,413	1,325,351	4 050 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,044,403		
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			
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	11,979,960
6	Enter Medicare allowable costs of care relating to payments on line 5	6	12,098,352
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-118,392
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	ASPIRUS KEWEENAW HOSPITAL 205 OSCEOLA STREET LAURIUM, MI 49913	X				X				

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? **5**

	Name and address	Type of Facility (Describe)
1	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DR HOUGHTON,MI 49931	CLINIC
2	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DR HOUGHTON,MI 49931	CLINIC
3	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DR HOUGHTON,MI 49931	CLINIC
4	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DR HOUGHTON,MI 49931	CLINIC
5	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DR HOUGHTON,MI 49931	CLINIC
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

4 **Community information.** Describe the community the organization serves, taking into account the geographic 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
		PART I, LINE 7 THE COST METHOD THAT IS USED ON THE FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE HOSPITAL'S TOTAL OPERATING EXPENSES LESS THE PROVISION FOR BAD DEBTS THIS IS THEN DIVIDED BY GROSS PATIENT SERVICES REVENUE

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 1921572

Identifier	ReturnReference	Explanation
		PART II WHILE THERE IS GROWING AGREEMENT IN THE UNITED STATES ABOUT WHAT CONSTITUTES A NON-PROFITS HOSPITAL'S COMMUNITY BENEFIT AND CHARITY CARE, THESE EFFORTS CONTINUE TO BE A WORK IN PROGRESS ASPIRUS KEWEENAW HOSPITAL, INC , IN ADDITION TO PROVIDING SIGNIFICANT CHARITY CARE AND OTHER COMMUNITY BENEFITS AS DEFINED BY THE IRS, THE ORGANIZATION BELIEVES THAT IT PROVIDES A CRITICALLY IMPORTANT BENEFIT WHICH IS NOT QUANTIFIED ASPIRUS KEWEENAW HOSPITAL, LIKE MOST COMMUNITY HOSPITALS, WAS CREATED AND IS MAINTAINED IN ORDER TO PROVIDE CARE LOCALLY WHICH WITHOUT THE HOSPITAL WOULD NOT BE AVAILABLE LOCALLY IN ADDITION TO INPATIENT HOSPITALIZATIONS, THE ORGANIZATION PROVIDES LOCAL ACCESS TO MANY SERVICES INCLUDING EMERGENCY SERVICES, RESPIRATORY THERAPY, OCCUPATIONAL THERAPY, PHYSICAL THERAPY, FAMILY PRACTICE CLINICS, AND LABORATORY AND PATHOLOGY SERVICES

Identifier	ReturnReference	Explanation
		PART III, LINE 8 ALLOWABLE MEDICARE COSTS WERE OBTAINED FROM THE ORGANIZATION'S FILED MEDICARE COST REPORT AS SUCH THEY ONLY INCLUDE THE AMOUNTS ALLOWED IN THE FORM 990 INSTRUCTIONS THEREFORE, THEY ONLY INCLUDE A PORTION OF THE GROSS MEDICARE REVENUE OF THE ORGANIZATION AND DO NOT CONSIDER ALL OF THE CONTRACTUAL ADJUSTMENTS FOR SERVICES REIMBURSED BY THE MEDICARE PROGRAM THE MEDICARE REVENUES AMOUNTS LISTED DO NOT INCLUDE PHYSICIAN SERVICES FOR THE COVERAGE OF THE EMERGENCY DEPARTMENT AT THE HOSPITAL AS WELL AS ANESTHESIA PROFESSIONAL SERVICES, REVENUES FOR ANY PATIENTS COVERED UNDER MEDICARE ADVANTAGE PLAN PROGRAMS, PHYSICAL THERAPY SERVICES PROVIDED TO NURSING HOME RESIDENTS, AND A SIGNIFICANT PORTION OF LAB SERVICES PROVIDED TO AREA CLINIC PATIENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B UNDER THE ORGANIZATION'S COLLECTION AND CHARITY CARE POLICIES, ASPIRUS KEWEENAW HOSPITAL MAKES EVERY ATTEMPT TO IDENTIFY AND PROMOTE CHARITY CARE TO PATIENTS INCLUDED IN THE ORGANIZATION'S CHARITY CARE POLICY IT IS NOTED THAT PATIENTS MAY QUALIFY FOR CHARITY CARE EITHER PRIOR TO ADMISSION OR FOLLOWING DISCHARGE ASPIRUS KEWEENAW HOSPITAL WILL PROVIDE MEDICALLY ACUTE SERVICES TO PATIENTS WHO MEET THE CRITERIA OF THE PATIENT FINANCIAL ASSISTANCE PROGRAM WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES FOR QUALIFYING PATIENTS THIS PROGRAM IS PROVIDED FOR PATIENTS WHO ARE UNINSURED, UNDERINSURED, AND/OR MEDICALLY INDIGENT PATIENTS AND THEIR FAMILIES HAVE A RESPONSIBILITY TO HELP THE HOSPITAL QUALIFY THEM FOR THE APPROPRIATE LEVEL OR TYPE OF FINANCIAL ASSISTANCE GIVEN THEIR CIRCUMSTANCES DURING THE PATIENT ACCOUNT COLLECTION PROCESS, SELF-PAY PATIENTS ARE ALSO INFORMED OF THE HOSPITAL'S COLLECTION POLICIES AS WELL AS THE CARITY CARE PROGRAM TO ALLOW PATIENTS THE OPPORTUNITY TO COMPLETE THE APPROPRIATE FORMS AND QUALIFY UNDER THE PROGRAM AN ACCOUNT WILL BE CONSIDERED DELINQUENT IF ADEQUATE AND TIMELY PAYMENTS ARE NOT MADE AND/OR THERE IS A LACK OF COMMUNICATION FROM THE PATIENT/FAMILY 1) 60 DAYS AFTER BALANCE BECOMES THE RESPONSIBILITY OF THE PATIENT/GUARANTOR 2) IF A PATIENT/GUARANTOR REFUSES TO PAY AN ACCOUNT WITHOUT VALID REASON 3) STATEMENTS ARE MAIL-RETURNED AND THE PATIENT/GUARANTOR CANNOT BE LOCATED 4) A PATIENT/GUARANTOR ACCOUNT HISTORY SHOWS THE DEBT IS UNLIKELY TO BE PAID 5) ACCOUNT PAYMENTS ARE INADEQUATE FOR THE BALANCE AND AGE OF ACCOUNT 6) THE PATIENT/GUARANTOR STOPS MAKING SCHEDULED PAYMENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION MEETS WITH A LOCAL FEDERALLY QUALIFIED HEALTH CENTER TO CONSULT AND DETERMINE HOW TO MEET THE HEALTH CARE NEEDS IN THE ORGANIZATION'S GEOGRAPHICAL AREA IN ADDITION, THE ORGANIZATION ITSELF EVALUATES ITS' OWN SERVICES OFFERED IN THEIR SERVICE AREA AND EVALUATES OTHER SERVICES THAT COULD BE PROVIDED TO BENEFIT THE COMMUNITY SERVED

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ASPIRUS KEWEENAW HOSPITAL WILL PROVIDE MEDICALLY ACUTE SERVICES TO PATIENTS WHO MEET THE CRITERIA OF THE PATIENT FINANCIAL ASSISTANCE PROGRAM (PFAP) WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES FOR QUALIFYING PATIENTS THIS PROGRAM IS PROVIDED FOR PATIENTS WHO ARE UNINSURED, UNDERINSURED, AND/OR MEDICALLY INDIGENT PATIENTS AND THEIR FAMILIES HAVE A RESPONSIBILITY TO HELP THE HOSPITAL QUALIFY THEM FOR THE APPROPRIATE LEVEL OR TYPE OF FINANCIAL ASSISTANCE GIVEN THEIR CIRCUMSTANCE A PFAP BROCHURE IS GIVEN TO EACH INPATIENT THE BROCHURE INFORMS PATIENTS OF OUR PATIENT FINANCIAL ASSISTANCE PROGRAM AND HOW TO APPLY WE HAVE SIGNS POSTED IN ALL ASPIRUS KEWEENAW HOSPITAL AND CLINIC LOCATIONS THAT LET THE PATIENT KNOW ABOUT OUR PFAP PROGRAM PFAP BROCHURES ARE DISPLAYED IN PATIENT AREAS OF OUR CLINICS AND HOSPITAL SIGNS ARE POSTED THROUGHOUT AKH TO INFORM THE PATIENT THAT WE PARTICIPATE IN THE MEDICAID PROGRAM A NOTICE REGARDING OUR SLIDING FEE SCALE AND HOW TO APPLY FOR IT, IS POSTED AT ALL PHYSICIAN RECEPTION AREAS ALL BILLERS AND FRONT LINE STAFF DIRECT PATIENT INQUIRIES REGARDING PAYMENT, MEDICAID, AND FINANCIAL ASSISTANCE TO A FINANCIAL COUNSELOR SELF PAY PATIENTS ARE INFORMED OF THE COST OF HIGH DOLLAR PROCEDURES AND OFFERED OPTIONS FOR PAYMENT AND ASSISTANCE PROGRAMS PRIOR TO SCHEDULING THE PROCEDURE AN ASPIRUS KEWEENAW SOCIAL WORKER COUNSELS PATIENTS AND MAKES THEM AWARE OF ALL AVAILABLE COMMUNITY RESOURCES, INCLUDING MEDICAID AND OUR AKH PATIENT FINANCIAL ASSISTANCE PROGRAM SHE ASSISTS THEM IN COMPLETING THE MEDICAID APPLICATION A FINANCIAL COUNSELOR WILL VISIT THE PATIENT IF REQUESTED DURING THE SOCIAL WORKER INTERVIEW WITH THE PATIENT FINANCIAL COUNSELORS SUGGEST OUR PFAP TO ELIGIBLE PATIENTS WHILE MAKING PAYMENT ARRANGEMENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE ORGANIZATION PROVIDES SERVICES PRIMARILY TO THE ELDERLY AND FRAIL OF NORTHERN HOUGHTON AND KEWEENAW COUNTIES THE LARGEST CITIES IN THESE REGIONS INCLUDE HOUGHTON, HANCOCK, LAURIUM AND CALUMET AS A PERCENTAGE OF TOTAL REVENUE, MEDICARE AND MEDICAID COMPRISE OF 60% AND 11%, RESPECTIVELY FOR THE ORGANIZATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE BOARD OF DIRECTOR'S IS COMPRISED OF INDEPENDENT COMMUNITY MEMBERS THE ORGANIZATION PROVIDES, FREE OF CHARGE TO THE LOCAL SCHOOL, AN ATHLETIC TRAINER

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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?	**2**		
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 ☐ Compensation committee ☑ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

Note. The sum of columns (B)(i)-(iii) 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) ELIZABETH BENYI DO	(i)	242,429	0	734	0	12,161	255,324	0
	(ii)	0	0	0	0	0	0	0
(2) JERRY W LUOMA MD	(i)	102,382	49,595	821	0	22,811	175,609	0
	(ii)	0	0	0	0	0	0	0
(3) GLENN KAUPPILA MD	(i)	154,313	47,897	84	0	21,146	223,440	0
	(ii)	0	0	0	0	0	0	0
(4) CHUCK NELSON	(i)	208,312	0	6,808	0	28,317	243,437	0
	(ii)	0	0	0	0	0	0	0
(5) MIKE HAUSWIRTH	(i)	138,203	0	460	0	24,155	162,818	0
	(ii)	0	0	0	0	0	0	0
(6) JOHN NOVSAD MD	(i)	275,566	0	425	0	17,721	293,712	0
	(ii)	0	0	0	0	0	0	0
(7) MARY LIMBACK MD	(i)	233,750	91,179	393	0	32,480	357,802	0
	(ii)	0	0	0	0	0	0	0
(8) BRAD LAITINEN MD	(i)	288,055	0	131	0	29,014	317,200	0
	(ii)	0	0	0	0	0	0	0
(9) JAMES BLACK MD	(i)	290,841	0	464	0	31,034	322,339	0
	(ii)	0	0	0	0	0	0	0
(10) BRUCE HARVEY MD	(i)	261,402	0	695	0	26,739	288,836	0
	(ii)	0	0	0	0	0	0	0
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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	VILLAGE OF LAURIUM FINANCE AUTHORITY	38-6007184		03-05-2004	3,546,723	REFUNDING BOND SERIES 1997		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	3,546,723			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	3,546,723			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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						
b	Are there any research agreements that may result in private business use of bond-financed property?		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							
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							

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						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		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						
6	Did the bond issue qualify for an exception to rebate?		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

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		BETTY ANDERSON AND GALE ANDERSON HAVE A FAMILY RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		ASPIRUS, INC AND KEWEENAW HEALTH FOUNDATION ARE VOTING MEMBERS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF DIRECTORS IS COMPRISED OF 3 MEMBERS FROM ASPIRUS, INC AND 11 MEMBERS FROM KEWEENAW HEALTH FOUNDATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		MAJOR OPERATING DECISION ITEMS UPON APPROVAL BY THE BOARD OF ASPIRUS KEWEENAW HOSPITAL REQUIRE APPROVAL BY THE ASPIRUS, INC BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE BOARD OF DIRECTORS HAS DELEGATED THE REVIEW PROCESS OF THE FORM 990 TO THE CFO

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ANNUALLY, BOARD MEMBERS ARE REQUIRED TO DISCLOSE CONFLICTS TO THE BOARD THIS PROCESS IS MONITORED THROUGH SELF DISCLOSURE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS DETERMINED BY USE OF STATE HOSPITAL ASSOCIATION SURVEY AND SYSTEM SURVEY THE COMPENSATION OF THE CEO IS DETERMINED BY AN EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS WAGE DETERMINATION FOR OTHER EXECUTIVE POSITIONS, AN ANNUAL WAGE ANALYSIS IS COMPLETED THE ORGANIZATION USES SALARY SURVEYS AND SALARY AGENCIES TO DETERMINE THE WAGE SCALE CONSULTATION ON THE SETTING OF PAY IS PROVIDED TO THE ORGANIZATION BY ASPIRUS, INC HUMAN RESOURCES ANY INCREASES IN EXECUTIVE COMPENSATION IS APPROVED BY THE BOARD WITH THE ACTUAL AMOUNT OF SALARY INCREASE BASED OFF OF AN ANNUAL EMPLOYEE EVALUATION FOR ALL EXECUTIVES, A BONUS POOL IS ESTABLISHED AND CRITERIA IS DEVELOPED AND DETERMINED AT THE BOARD OF DIRECTOR LEVEL THE BOARD THEN REVIEWS ANNUALLY THE PLAN AND DETERMINES IF A PAYOUT WILL BE PROVIDED ALL COMPENSATION DECISIONS ARE DOCUMENTED THROUGH A COMPENSATION SUB-COMITTEE OF THE BOARD OF DIRECTORS BY INDIVIDUALS WITHOUT CONFLICT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION HAS DEEMED THAT ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE THE PROPERTY OF THE ORGANIZATION AND ARE NOT AVAILABLE FOR PUBLIC INSPECTION

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 259,504 EQUITY TRANSFER WITH FOUNDATION -2,000,000 TEMPORARILY RESTRICTED CONTRIBUTIONS AND INVESTMENT INCOME 22,906 TOTAL TO FORM 990, PART XI, LINE 5 -1,717,590

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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
(1) KEWEENAW HEALTH FOUNDATION 205 OSCEOLA STREET LAURIUM, MI 49913 35-2340440	DEVELOP RESOURCES TO IMPROVE THE HEALTH AND WELL BEING OF THE PEOPLE	MI	501(C)(3)	LINE 7	N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ASPIRUS KEWEENAW ENTERPRISES 205 OSCOLA ST LAURIUM, MI49913 38-3390273	PHARMACY	MI	ASPIRUS KEWEENAW HOSPITAL	C	208,750	1,427,289	100 000 %

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c		No
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r	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) ASPIRUS KEWEENAW ENTERPRISES	A	40,536	
(2) ASPIRUS KEWEENAW ENTERPRISES	Q	1,214,000	
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Aspirus Keweenaw and Subsidiary

Laurium, Michigan

Consolidated Financial Statements and Additional Information

Years Ended June 30, 2011 and 2010

Aspirus Keweenaw and Subsidiary

Consolidated Financial Statements and Additional Information

Years Ended June 30, 2011 and 2010

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WIPFLi LLP

Independent Auditor's Report

Board of Directors
Aspirus Keweenaw
Laurium, Michigan

We have audited the accompanying consolidated balance sheets of Aspirus Keweenaw and Subsidiary, Aspirus Keweenaw Enterprises, Inc., as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based upon 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aspirus Keweenaw and Subsidiary as of June 30, 2011 and 2010, and the results of their operations, changes in their net assets, and their cash flows for the years the ended in conformity with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

September 12, 2011
Green Bay, Wisconsin

Aspirus Keweenaw and Subsidiary

Consolidated Balance Sheets

June 30, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash and cash equivalents	$ 3,680,101	$ 1,624,888
Short-term investments	2,790,063	1,555,172
Accounts receivable - Net	4,558,522	3,864,079
Inventories	751,103	744,612
Prepaid expenses and other	292,787	279,646
Interest receivable	42,500	0
Amounts receivable from third-party reimbursement programs	2,104,645	2,412,015
Total current assets	14,219,721	10,480,412
Assets limited as to use	1,260,802	4,339,894
Investments	2,526,406	2,242,824
Property and equipment - Net	6,969,507	8,271,587
Note receivable	850,000	0
Other assets	916,770	903,838
TOTAL ASSETS	$ 26,743,206	$ 26,238,555

Liabilities and Net Assets	2011	2010
Current liabilities:		
Current maturities of long-term debt	$ 442,801	$ 610,802
Current portion of obligations under capital leases	9,648	0
Line of credit	867,458	1,274,126
Accounts payable	914,846	1,191,931
Accrued and other liabilities	2,247,751	2,101,990
Due to Keweenaw Health Foundation (Note 18)	2,000,000	0
Total current liabilities	6,482,504	5,178,849
Long-term liabilities:		
Long-term debt, less current maturities	4,088,568	4,323,364
Obligations under capital leases, less current portion	32,675	0
Deferred compensation	687,742	611,958
Total long-term liabilities	4,808,985	4,935,322
Total liabilities	11,291,489	10,114,171
Net assets:		
Unrestricted	15,191,398	14,881,910
Temporarily restricted	260,319	1,242,474
Total net assets	15,451,717	16,124,384
TOTAL LIABILITIES AND NET ASSETS	$ 26,743,206	$ 26,238,555

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Operations

Years Ended June 30, 2011 and 2010

	2011	2010
Revenue:		
Net patient service revenue	$ 34,270,440	$ 32,454,291
Retail pharmacy sales	3,851,258	3,824,630
Other revenue	1,186,514	1,266,567
Total revenue	39,308,212	37,545,488
Expenses:		
Cost of goods sold - Pharmacy	2,953,436	2,970,527
Operating expenses:		
Nursing services	5,915,962	6,198,712
Other professional services	16,315,009	16,970,723
General services	1,692,011	1,724,382
Administrative services	4,233,851	4,265,275
Fringe benefits	4,489,856	5,631,252
Provision for bad debts	1,935,623	1,210,762
Depreciation and amortization	1,147,448	1,167,536
Interest	279,716	223,035
Total operating expenses	36,009,476	37,391,677
Income (loss) from operations	345,300	(2,816,716)
Other income (deductions).		
Investment income	705,696	1,323,190
Contributions	9,285	22,088
Gain (loss) on disposal of property and equipment	(10,190)	55,402
Other	(5,168)	(28,066)
Excess (deficiency) of revenue over expenses	$ 1,044,923	$ (1,444,102)

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets:		
Excess (deficiency) of revenue over expenses	$ 1,044,923	$ (1,444,102)
Change in net unrealized gains and losses on investments other than trading securities	259,504	319,901
Transfer of net assets to Keweenaw Health Foundation	(1,000,000)	(155,000)
Net assets released from restrictions for equipment purchases	5,061	13,093
Increase (decrease) in unrestricted net assets	309,488	(1,266,108)
Temporarily restricted net assets:		
Contributions	5,061	15,996
Investment income	17,845	15,607
Transfer of net assets to Keweenaw Health Foundation	(1,000,000)	0
Net assets released from restrictions for equipment purchases	(5,061)	(13,093)
Increase (decrease) in temporarily restricted net assets	(982,155)	18,510
Change in net assets	(672,667)	(1,247,598)
Net assets at beginning	16,124,384	17,371,982
Net assets at end	$ 15,451,717	$ 16,124,384

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	2011	2010
Increase (decrease) in cash and cash equivalents.		
Cash flows from operating activities.		
Cash received from patients and third-party payors	$ 35,799,002	$ 35,159,524
Cash paid to employees and suppliers	(35,572,322)	(37,275,459)
Interest and dividends received	616,287	235,079
Interest paid	(279,716)	(223,035)
Other cash received	1,190,631	1,301,026
Net cash provided by (used in) operating activities	1,753,882	(802,865)
Cash flows from investing activities.		
Capital expenditures	(832,540)	(1,900,005)
Proceeds from sale of investments and assets limited as to use	2,526,867	396,892
Purchase of investments and assets limited as to use	(659,835)	(876,263)
Proceeds from liquidation of stock	0	1,071,853
(Increase) decrease in investment in UP Network, LLC and unconsolidated affiliate	(13,925)	47,794
Transfer of net assets to Keweenaw Health Foundation	0	(155,000)
Proceeds from property and equipment disposals	25,000	95,200
Net cash provided by (used in) investing activities	1,045,567	(1,319,529)
Cash flows from financing activities:		
Proceeds from line of credit	0	1,274,126
Payments on line of credit	(406,668)	0
Proceeds from issuance of long-term debt	277,411	800,000
Principal payments on long-term debt and capital lease obligations	(637,885)	(607,533)
Restricted contributions and investment income	22,906	31,603
Net cash provided by (used in) financing activities	(744,236)	1,498,196
Net increase (decrease) in cash and cash equivalents	2,055,213	(624,198)
Cash and cash equivalents at beginning	1,624,888	2,249,086
Cash and cash equivalents at end	$ 3,680,101	$ 1,624,888

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of change in net assets to net cash provided by (used in) operating activities.		
Change in net assets	$ (672,667)	$ (1,247,598)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,147,448	1,167,536
Provision for bad debts	1,935,623	1,210,762
Net realized gain on sale of marketable securities	(46,909)	(16,258)
Net realized gain on liquidation of stock	0	(1,071,853)
(Gain) loss on disposal of property and equipment	10,190	(55,402)
Transfer of net assets to Keweenaw Health Foundation	2,000,000	155,000
Restricted contributions and investment income	(22,906)	(31,603)
Change in net unrealized gains and losses on investments other than trading securities	(259,504)	(319,901)
Changes in operating assets and liabilities:		
Accounts receivable	(2,630,066)	3,696
Inventories	(6,491)	41,454
Prepaid expenses and other	(13,141)	119,782
Interest receivable on note receivable	(42,500)	0
Amounts receivable from third-party reimbursement programs	307,370	(1,123,673)
Accounts payable	(129,624)	651,064
Accrued and other liabilities	177,059	(285,871)
Total adjustments	2,426,549	444,733
Net cash provided by (used in) operating activities	$ 1,753,882	$ (802,865)

Supplemental schedule of noncash investing and financing activities:

During fiscal 2011, the Hospital received a note receivable in the amount of $850,000 related to the sale of Northridge Pines.

See accompanying notes to consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

The Entities

Aspirus Keweenaw (the "Hospital") is a nonprofit, nonstock corporation that operates a 25-bed acute care facility The Hospital provides comprehensive inpatient, outpatient, emergency, and physician clinic services. The Hospital also operated a 21-unit assisted living facility, Northridge Pines through August 2010, when it was sold (see Note 19). All services are provided to the residents of Houghton and Keweenaw Counties, Michigan, and the surrounding area.

Aspirus Keweenaw Enterprises, Inc. (the "Company") is a for-profit corporation, which provides pharmaceutical, home medical equipment, fitness center, and home respiratory services to residents of Houghton and Keweenaw Counties, Michigan, and the surrounding area.

Aspirus Keweenaw was formed effective July 1, 2008, through an affiliation of Aspirus, Inc. ("Aspirus"), a Wisconsin nonprofit corporation, and Keweenaw Memorial Medical Center. As a result of the affiliation, the corporate members of Aspirus Keweenaw are Aspirus, Inc and Keweenaw Health Foundation (KHF), a Michigan nonprofit corporation with each member having a 50% ownership interest in the Hospital

Principles of Consolidation

The consolidated financial statements include the accounts of Aspirus Keweenaw and Aspirus Keweenaw Enterprises, Inc., its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements.

Financial Statement Presentation

The Hospital and the Company follow accounting standards contained in the Financial Accounting Standards Board Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates may also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Hospital considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted. The carrying amount reported in the consolidated balance sheets for cash equivalents approximates fair value.

Accounts Receivable and Credit Policy

Accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Hospital and the Company bill third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Hospital and the Company do not have a policy to charge interest on past due accounts.

Note 1 Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Credit Policy (Continued)

The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to a valuation allowance based upon its assessment of historical collection likelihood and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

Accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and an allowance for doubtful accounts.

Inventories

Inventories of supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Investments

Investments are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenue over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenue over expenses unless the investments are trading securities. Realized gains and losses are determined by specific identification and charged to operations.

The Hospital monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other than temporary results in an impairment, and the Hospital reduces the investment's carrying value to fair value. A new cost basis is established for the investment, and any impairment loss is recorded as a realized loss in investment income.

Note 1 Summary of Significant Accounting Policies (Continued)

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements and deferred compensation agreements, and assets restricted by donors for capital improvements or for specific operating purposes.

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 8 to 25 years for land improvements, 20 to 40 years for buildings and improvements, 3 to 20 years for major movable equipment, and 7 to 20 years for fixed equipment Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Impairment

The Hospital reviews its property, equipment, and intangible assets periodically to determine potential impairment by comparing the carrying value of the property, equipment, and identified intangible assets with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Hospital would recognize an impairment loss at that time. No impairment loss was recognized in fiscal 2011 or 2010.

Asset Retirement Obligations

ASC Topic 410-20, *Asset Retirement Obligations,* clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Hospital and the Company have considered ASC Topic 410-20, specifically as it relates to their legal obligation to perform asset retirement activities, such as asbestos removal, on their existing properties. The Hospital and the Company believe there is an indeterminate settlement date for the asset retirement obligations, because the range of time over which the Hospital and the Company may settle the obligation is unknown and cannot be estimated. As a result, the Hospital and the Company cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2011 and 2010.

Intangible Assets

Intangible assets acquired in a business acquisition are being amortized on a straight-line basis over four years from the date of acquisition. Unamortized loan issuance costs related to issuance of long-term debt are amortized over the life of the related debt using the straight-line method.

Note 1 Summary of Significant Accounting Policies (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose.

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

Retail Pharmacy Sales

Retail pharmacy sales consist of all revenue generated from the retail stores operated by the Company. Revenue is reported at estimated net realizable amounts from customers and third-party payors.

Excess (Deficiency) of Revenue Over Expenses

The consolidated statements of operations include excess (deficiency) of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets that are excluded from the operating indicator, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, and transfers to (from) related organizations other than for goods and services.

Note 1 Summary of Significant Accounting Policies (Continued)

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not included in net patient service revenue in the accompanying consolidated statements of operations.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital 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 deemed unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statements of operations.

Advertising Costs

The Hospital and the Company expense advertising costs as incurred

Unemployment Compensation

The Hospital has elected the reimbursement method to finance the cost of unemployment compensation benefits. Unemployment compensation expense is charged to operating expense when paid or when the amount of the claims can be estimated. The Hospital contributes to a state unemployment trust held by a third party.

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

The Hospital is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income taxes on related income.

The Company is a taxable corporation. Any income tax provision, if required, is not considered material to the consolidated financial statements.

In order to account for any uncertain tax positions, ASC Topic 740-10, *Income Taxes,* requires an organization to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements.

The Hospital and the Company recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Federal tax returns for the years ended June 30, 2007, and beyond remain subject to examination by the applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through September 12, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2 Reimbursement Arrangements With Third-Party Payors

The Hospital has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

- *Medicare* - The Hospital is certified as a critical access hospital with reimbursement based on cost for inpatient, outpatient, and rural health clinic services. Professional services provided by physicians and other clinicians continue to be reimbursed based on prospectively determined fee schedules with the exception of the rural health clinic, which is reimbursed on a cost basis subject to certain limitations.

- *Medicaid* - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based upon clinical, diagnostic, and other factors In addition, capital-related costs are reimbursed under a cost methodology. Outpatient services are paid based upon a prospectively determined fee schedule for each type of service. Professional services provided by physicians and other clinicians are reimbursed based upon one of the following methods: a prospectively determined fee schedule or a cost-reimbursement methodology depending on the type of professional services provided.

- *Blue Cross Blue Shield of Michigan ("Blue Cross")* - Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed on a controlled-charge basis.

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

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

- *Accounting for Contractual Arrangements* - The Hospital is reimbursed for cost reimbursable items at an interim rate, and final settlements are determined after audit of the Hospital's related annual cost reports by the respective Medicare, Medicaid, and Blue Cross fiscal intermediaries. Estimated provisions to approximate the full expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Hospital's cost reports have been audited by the Medicare, Medicaid, and Blue Cross fiscal intermediaries through June 30, 2009, September 30, 2004, and June 30, 2009, respectively.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patients' services. Management believes the Hospital is in substantial compliance with current laws and regulations.

The Centers for Medicare & Medicaid Services (CMS) implemented a new demonstration project using recovery audit contractors (RACs) as part of CMS's further efforts to ensure accurate payments. The project uses RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and not detected through existing CMS program integrity efforts Once a RAC identifies a claim it believes is inaccurate, CMS makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Hospital's policy is to adjust to or from revenue the amounts assessed under the RAC audits at the time a change in reimbursement is agreed upon between the Hospital and CMS. RAC reviews with the Hospital are anticipated; however, the outcome of such potential reviews is unknown and cannot be reasonably estimated as of June 30, 2011.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2011	2010
Accounts receivable - Hospital	$ 6,798,160	$ 5,792,457
Less.		
Contractual adjustments	3,096,182	2,524,626
Allowance for doubtful accounts	825,507	745,000
Net accounts receivable - Hospital	2,876,471	2,522,831
Accounts receivable - Clinics	933,576	737,691
Less - Contractual adjustments	255,312	56,915
Net accounts receivable - Clinics	678,264	680,776
Accounts receivable - Aspirus Keweenaw Enterprises, Inc.	689,751	405,501
Less - Contractual adjustments	23,462	84,332
Net accounts receivable - Aspirus Keweenaw Enterprises, Inc.	666,289	321,169
Total net accounts receivable	4,221,024	3,524,776
Other receivables	337,498	339,303
Accounts receivable - Net	$ 4,558,522	$ 3,864,079

Note 4 Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides to Hospital patients. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated $67,000 and $45,000 during the years ended June 30, 2011 and 2010, respectively.

Note 5 Investments

Assets Limited as to Use

Assets limited as to use are set forth in the following table. Investments, stated at fair value, consisted of the following at June 30:

	2011	2010
Board designated for capital improvements:		
Cash and cash equivalents	$ 0	$ 901,284
Certificates of deposit	0	781,243
International bonds	0	10,310
Corporate bonds	0	145,532
Government bonds	0	241,519
Marketable equity securities	0	96,896
Total board designated for capital improvements	0	2,176,784
Held by trustee under indenture agreement:		
Cash and cash equivalents	12,009	12,337
Certificates of deposit	300,732	296,341
Total held by trustee under indenture agreement	312,741	308,678
Held by trustee under deferred compensation agreements - Marketable equity securities	687,742	611,958
Temporarily restricted:		
Cash and cash equivalents	48,284	1,060,122
Certificates of deposit	95,656	93,936
Marketable equity securities	116,379	88,416
Total temporarily restricted	260,319	1,242,474
Total assets limited as to use	$ 1,260,802	$ 4,339,894

Note 5 Investments (Continued)

Other Investments

Other investments, stated at fair value, consisted of the following at June 30:

	2011	2010
Short-term investments:		
Cash and cash equivalents	$ 1,477,848	$ 1,432,316
Certificates of deposit	752,764	105,296
International bonds	8,377	0
Corporate bonds	149,733	0
Government bonds	257,964	0
Marketable equity securities	127,538	0
Accrued interest and dividends receivable	15,839	17,560
Total short-term investments	$ 2,790,063	$ 1,555,172
Long-term investments:		
International bonds	$ 16,754	$ 20,621
Corporate bonds	304,817	299,132
Government bonds	527,655	491,602
Municipal bonds	15,841	16,131
Marketable equity securities	431,459	361,417
Investment in Upper Peninsula Health Network, LLC	1,229,880	1,053,921
Total long-term investments	$ 2,526,406	$ 2,242,824

The Hospital owns 1,107 shares in Upper Peninsula Health Network, LLC. Each share had an approximate value of $1,110 and $952 at June 30, 2011 and 2010, respectively. The investment increase of $175,959 and $264,742 during the years ended June 30, 2011 and 2010, respectively, is included in the change in net unrealized gains and losses on investments other than trading securities on the consolidated statements of changes in net assets.

Note 5 Investments (Continued)

Other Investments (Continued)

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments included the following for the years ended June 30, 2011 and 2010:

	2011	2010
Investment income - Unrestricted:		
Interest and dividend income	$ 658,787	$ 235,079
Net realized gain on liquidation of stock	0	1,071,853
Net realized gain on sale of marketable securities	46,909	16,258
Total investment income - Unrestricted	$ 705,696	$ 1,323,190
Investment income - Temporarily restricted:		
Interest and dividend income	$ 14,523	$ 16,149
Net realized gain (loss) on sale of marketable securities	3,322	(542)
Total investment income - Temporarily restricted	$ 17,845	$ 15,607
Other changes in unrestricted net assets - Change in net unrealized gains and losses on investments other than trading securities	$ 259,504	$ 319,901

Management assesses individual investment securities as to whether declines in market value are temporary or other than temporary. In assessing an issuer's financial condition, management evaluates various financial indicators. The length of time and extent to which the fair value of the investment is less than cost and the Hospital's ability and intent to retain the investment to allow for any anticipated recovery of the investment's fair value are key components as to whether management deems declines in fair value as temporary or other than temporary. Unrealized losses on individual investments and any declines in fair value below cost were deemed to be temporary.

Note 5 Investments (Continued)

Other Investments (Continued)

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

Note 6 Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures,* establishes a framework for measuring fair value. That framework provides three levels of inputs to be used to measure fair value. In general, the Hospital determines fair values based on Level 1 inputs utilizing quoted market prices in active markets and Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. The Hospital does not have any financial instruments valued using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the Hospital's assets as of June 30:

	Fair Value Measurements Using			Total Assets
2011	Level 1	Level 2	Level 3	at Fair Value
Cash and cash equivalents	$ 5,673	$ 0	$ 0	$ 5,673
International bonds	0	25,131	0	25,131
Corporate bonds	0	454,550	0	454,550
Government bonds	0	785,619	0	785,619
Municipal bonds	0	15,841	0	15,841
Marketable equity securities	1,363,118	0	1,229,880	2,592,998
Total	$ 1,368,791	$ 1,281,141	$ 1,229,880	$ 3,879,812
2010				
Cash and cash equivalents	$ 14,213	$ 0	$ 0	$ 14,213
International bonds	0	30,931	0	30,931
Corporate bonds	0	444,664	0	444,664
Government bonds	0	733,121	0	733,121
Municipal bonds	0	16,131	0	16,131
Marketable equity securities	1,158,687	0	1,053,921	2,212,608
Total	$ 1,172,900	$ 1,224,847	$ 1,053,921	$ 3,451,668

Note 7 Property and Equipment

Property and equipment consisted of the following at June 30:

	2011	2010
Land and land improvements	$ 1,520,603	$ 1,691,912
Buildings and building improvements	13,269,950	14,664,052
Major movable equipment	7,025,116	7,052,765
Fixed equipment	288,763	332,750
Total property and equipment	22,104,432	23,741,479
Less - Accumulated depreciation	15,274,996	15,672,147
Net depreciated value	6,829,436	8,069,332
Construction in progress	140,071	202,255
Property and equipment - Net	$ 6,969,507	$ 8,271,587

Note 8 Other Assets

Other assets consisted of the following at June 30:

	2011	2010
Investment in Mercy Ambulance, Inc.	$ 307,477	$ 321,402
Investment in Aspirus VNA Home Health, Inc.	450,000	450,000
Goodwill - Clinic purchase - Less amortization of $38,000 in 2011 and 2010	91,833	129,833
Due from related parties	67,460	0
Other	0	2,603
Total other assets	$ 916,770	$ 903,838

The value of other assets approximates fair value.

Note 8 Other Assets (Continued)

The Hospital and Portage Health (an unrelated tax-exempt organization) own equally, as a joint venture, Mercy Ambulance, Inc. (the "Joint Venture"), a nonprofit corporation. The Joint Venture, formed during April 2007, acquired Mercy Ambulance, Inc. in January 2008, which provides ambulance services to residents of the communities served by the Hospital and Portage Health. The Hospital's investment of $307,477 and $321,402 as of June 30, 2011 and 2010, respectively, is reported as an investment in unconsolidated affiliate in the accompanying consolidated balance sheets. This investment is accounted for using the equity method based on the Hospital's ownership in the venture.

On May 1, 2009, the Hospital acquired an equity ownership interest in Aspirus VNA Home Health, Inc. (AVNA), a Wisconsin nonprofit corporation. AVNA provides health care services to individuals, their families, the ill, or disabled for the purpose of preventing disease and promoting, maintaining, or restoring health and minimizing the effects of illness and disability under the supervision of the patient's physician. The Hospital contributed $450,000 to acquire a 16.81% interest in AVNA, resulting in the following ownership interests at June 30, 2011 and 2010:

Aspirus, Inc	64.73%
Aspirus Keweenaw	16.81%
Memorial Health Center, Inc.	9.23%
Langlade Hospital - Hotel Dieu of St. Joseph of Antigo, Wisconsin	9.23%
Total	100.00%

The Hospital records its interest in AVNA using the cost method.

Note 9 Long-Term Debt

Long-term debt consisted of the following at June 30:

	2011	2010
5.0% FmHA mortgage notes, dated July 31, 1975, and March 9, 1978, payable at $8,785 per month including interest, secured by property and equipment, due June 30, 2015, and February 9, 2016, respectively	$ 175,461	$ 269,541
5.0% FmHA mortgage note, dated December 15, 1993, payable at $14,784 per month including interest, secured by property and equipment, due November 15, 2018	821,399	954,115
4.15% construction bonds payable, dated March 5, 2004; the bonds require payments of $21,309 per month including interest, secured by real estate, due March 5, 2024	2,568,777	2,718,677
Note issued through Michigan State Hospital Finance Authority Healthcare Equipment Loan Program, dated April 20, 2006, with payments ranging from $8,600 to $21,727 per month including interest at variable rates as established by the Authority, paid May 15, 2011	0	204,819
4.15% bank mortgage note, dated December 30, 2009, payable at $4,912 per month including interest with a final balloon payment upon due date of note, due December 31, 2014	760,223	787,014

Note 9 Long-Term Debt (Continued)

	2011	2010
Bank mortgage note at prime with 4.25% floor, dated December 20, 2010, payable at $4,194 per month including interest, due December 20, 2015	$ 205,509	$ 0
Totals	4,531,369	4,934,166
Less - Current maturities	442,801	610,802
Long-term portion	$ 4,088,568	$ 4,323,364

Under the terms of the notes payable with Farmers Home Administration, the Hospital is required to maintain reserves for repairing or replacing any damage to the facility. The reserves totaling $300,732 and $296,341 at June 30, 2011 and 2010, respectively, exceeded the minimum reserves required by Farmers Home Administration and are included as part of assets limited as to use in the accompanying consolidated financial statements.

The construction bond agreement contains certain restrictive and financial covenants including compliance with specific governmental regulations and providing audited financial statements within the stated time frame.

The carrying value of long-term debt approximates fair value of these liabilities.

Note 9 Long-Term Debt (Continued)

Scheduled payments of principal on long-term debt at June 30, 2011, including current maturities, are summarized as follows:

2012	$	442,801
2013		455,138
2014		426,227
2015		2,963,284
2016		195,172
Thereafter		48,747
Total	$	4,531,369

Note 10 Line of Credit

The Hospital has a line of credit in the amount of $2,000,000. As of June 30, 2011 and 2010, $867,458 and $1,274,126, respectively, was borrowed against the line of credit. The line of credit bears interest at prime (4.125% at June 30, 2011 and 2010) with a maximum interest rate of 6.25% and a minimum interest rate of 4.125%.

Note 11 Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

		2011		2010
Keweenaw Health Foundation (Note 18)	$	0	$	1,000,000
Purchase of equipment		194,254		176,409
Women's health program		3,065		3,065
Elder care		63,000		63,000
Total temporarily restricted net assets	$	260,319	$	1,242,474

Note 12 Net Patient Service Revenue

Net patient service revenue consisted of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Gross patient service revenue - Hospital:		
Inpatient services	$ 11,773,735	$ 9,325,184
Outpatient services	44,664,349	39,386,741
Revenue deductions - Hospital:		
Medicare contractual adjustments	(14,223,794)	(12,150,511)
Medicaid contractual adjustments	(6,071,635)	(3,206,173)
Other	(2,490,833)	(1,451,285)
Net patient service revenue - Hospital	33,651,822	31,903,956
Net patient service revenue - Aspirus Keweenaw Enterprises, Inc.	618,618	550,335
Total net patient service revenue	$ 34,270,440	$ 32,454,291

The Hospital's mix of gross revenue from patients and third-party payors is as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Medicare	57%	58%
Medicaid	10%	10%
Blue Cross	19%	20%
Other commercial payors	10%	9%
Patients	4%	3%
Totals	100%	100%

Note 13 Deferred Compensation

The Hospital sponsors a deferred compensation plan under Section 457(f) of the Code. The plan is intended primarily for certain key employees to defer compensation until retirement. Investments in mutual funds designated for deferred compensation under this plan are recorded as assets limited as to use, and the respective liabilities are recorded as long-term liabilities in the accompanying consolidated balance sheets.

Note 14 Malpractice Insurance

The Hospital's professional liability insurance for claim losses of less than $1 million per claim and $3 million per year covers professional liability claims reported during a policy year ("claims made" coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through June 2012. In addition, the Hospital has a $2 million umbrella policy for professional and general liability extending through the same period.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Hospital. The Hospital has provided an accrued reserve for potential claims from services provided to patients through June 30, 2011, which have not yet been asserted.

Note 15 Retirement Plan

The Hospital sponsors a contributory defined contribution retirement plan covering substantially all of its employees. The Hospital contributes 2% of participant employees' gross base wages. In addition, the Hospital will match each participant's contribution up to a maximum of 2% of covered earnings. Total retirement expense for the years ended June 30, 2011 and 2010, was approximately $555,000 and $668,000, respectively.

Note 16 Self-Funded Health, Optical, and Dental Insurance

The Hospital sponsors self-funded health, optical, and dental insurance covering substantially all of its employees and their dependents, of which some services are provided by the Hospital. The health, optical, and dental insurance expense is based upon actual claims paid, administration fees, and provisions for unpaid and unreported claims at year-end. Health, optical, and dental insurance expense was approximately $2,414,000 and $3,518,000 for the years ended June 30, 2011 and 2010, respectively

A provision of approximately $175,000 and $243,000 for unpaid and unasserted claims at June 30, 2011 and 2010, respectively, was included in accrued liabilities in the accompanying consolidated balance sheets. Management believes this provision is sufficient to cover estimated claims including claims incurred but not yet reported.

Note 17 Concentration of Credit Risk

Financial instruments that potentially subject the Hospital to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institutions.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Hospital's patients are from Houghton and Keweenaw Counties, Michigan, and the surrounding areas. The mix of receivables from patients and third-party payors was as follows at June 30:

	2011	2010
Medicare	43%	43%
Medicaid	9%	11%
Other third-party payors	23%	23%
Patients	25%	23%
Totals	100%	100%

Note 17 Concentration of Credit Risk (Continued)

The Hospital maintains depository relationships with area financial institutions, including banks participating in the Federal Deposit Insurance Corporation's (FDIC's) Transaction Account Guarantee Program. Under this program, non-interest-bearing transaction accounts are fully guaranteed by the FDIC through December 31, 2011. Interest-bearing assets included in investments and assets limited as to use held by financial institutions are uninsured. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Note 18 Organization Affiliation

Effective July 1, 2008, Keweenaw Memorial Medical Center became Aspirus Keweenaw through the affiliation of Aspirus and KHF. Aspirus and KHF both hold a 50% membership interest in the Hospital. Aspirus contributed an initial investment amount of $6,900,000 for its share of membership interest. Of this amount, $1,000,000 was temporarily restricted for transfer from the Hospital to KHF upon determination by the Internal Revenue Service that KHF is exempt from taxation under Section 501(c)(3). During fiscal 2011, the Hospital recorded a transfer of net assets in the amount of $2,000,000 to KHF. As of June 30, 2011, this amount was not physically transferred, thus was recorded as a due to KHF in the accompanying consolidated financial statements. This transfer reduced unrestricted and temporarily restricted net assets in the amount of $1,000,000 each.

Note 19 Note Receivable

The Hospital sold the Northridge Pines facility in August of 2010. A gain of $25,000 resulted from the sale. A promissory note in the amount of $850,000 was issued by the Hospital to the purchaser. The terms of the note include interest-only to be accrued but not paid for one year followed by five years of interest-only payments. At maturity, the accrued interest from year one and the remaining principal balance are due As of June 30, 2011, there was $42,500 of interest accrued on the note. The note bears an interest rate of 6% and matures on August 25, 2016.

Note 20 Leases

The Hospital has entered into various operating lease agreements for certain medical equipment with unrelated organizations under both short-term arrangements and noncancelable operating leases.

The Hospital also leases certain equipment under lease agreements classified as capital leases.

Minimum future rental payments under these capital lease agreements with initial or remaining terms in excess of one year consisted of the following:

	Capital Leases	Operating Leases
2012	$ 11,927	$ 480,923
2013	11,927	130,171
2014	11,927	54,701
2015	11,927	54,701
Total minimum lease payments	47,708	$ 720,496
Amounts representing interest	5,385	
Present value of net minimum lease payments	42,323	
Less - Current portion	9,648	
Long-term obligations under capital leases	$ 32,675	

Cost of equipment under capital lease obligations, which is included in equipment, was $51,411 and $0 at June 30, 2011 and 2010, respectively. Accumulated amortization for equipment under capital lease obligations was $4,896 and $0 at June 30, 2011 and 2010, respectively.

Note 21 Reclassifications

Certain reclassifications have been made to the 2010 consolidated financial statements to conform to the 2011 classifications.

Additional Information

WIPFLi LLP

Independent Auditor's Report on Additional Information

Board of Directors
Aspirus Keweenaw
Laurium, Michigan

Our report on our audits of the consolidated financial statements of Aspirus Keweenaw and Subsidiary for the years ended June 30, 2011 and 2010, appears on page 1 Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional information appearing on pages 33 through 42 is presented for purposes 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 the audits of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

September 12, 2011
Green Bay, Wisconsin

Aspirus Keweenaw and Subsidiary

Consolidating Balance Sheet

June 30, 2011

Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 3,473,815	$ 206,286	$ 0	$ 3,680,101
Short-term investments	2,790,063	0	0	2,790,063
Accounts receivable - Net	3,892,233	666,289	0	4,558,522
Inventories	425,266	325,837	0	751,103
Prepaid expenses and other	287,647	5,140	0	292,787
Interest receivable	42,500	0		42,500
Amounts receivable from third-party reimbursement programs	2,104,645	0	0	2,104,645
Total current assets	13,016,169	1,203,552	0	14,219,721
Assets limited as to use	1,260,802	0	0	1,260,802
Investments	2,526,406	0	0	2,526,406
Property and equipment - Net	6,745,769	223,738	0	6,969,507
Due from affiliate	1,009,915	0	(1,009,915)	0
Note receivable	850,000	0	0	850,000
Other assets	916,770	0	0	916,770
TOTAL ASSETS	$ 26,325,831	$ 1,427,290	$ (1,009,915)	$ 26,743,206

Liabilities and Net Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current liabilities:				
Current maturities of long-term debt	$ 442,801	$ 0	$ 0	$ 442,801
Current portion of obligations under capital leases	9,648	0	0	9,648
Line of credit	867,458	0	0	867,458
Accounts payable	845,780	69,066	0	914,846
Payable to affiliate	0	1,009,915	(1,009,915)	0
Accrued and other liabilities	2,234,918	12,833	0	2,247,751
Due to Keweenaw Health foundation	2,000,000	0	0	2,000,000
Total current liabilities	6,400,605	1,091,814	(1,009,915)	6,482,504
Long-term liabilities·				
Long-term debt, less current maturities	4,088,568	0	0	4,088,568
Obligations under capital leases, less current portion	32,675	0	0	32,675
Deferred compensation	687,742	0	0	687,742
Total long-term liabilities	4,808,985	0	0	4,808,985
Total liabilities	11,209,590	1,091,814	(1,009,915)	11,291,489
Net assets:				
Unrestricted	14,855,922	335,476	0	15,191,398
Temporarily restricted	260,319	0	0	260,319
Total net assets	15,116,241	335,476	0	15,451,717
TOTAL LIABILITIES AND NET ASSETS	$ 26,325,831	$ 1,427,290	$ (1,009,915)	$ 26,743,206

Aspirus Keweenaw and Subsidiary

Consolidating Balance Sheet

June 30, 2010

Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 1,457,929	$ 166,959	$ 0	$ 1,624,888
Short-term investments	1,555,172	0	0	1,555,172
Accounts receivable - Net	3,542,910	321,169	0	3,864,079
Inventories	420,237	324,375	0	744,612
Prepaid expenses and other	275,492	4,154	0	279,646
Amounts receivable from third-party reimbursement programs	2,412,015	0	0	2,412,015
Total current assets	9,663,755	816,657	0	10,480,412
Assets limited as to use	4,339,894	0	0	4,339,894
Investments	2,242,824	0	0	2,242,824
Property and equipment - Net	8,014,603	256,984	0	8,271,587
Due from affiliate	805,244	0	(805,244)	0
Other assets	903,838	0	0	903,838
TOTAL ASSETS	$ 25,970,158	$ 1,073,641	$ (805,244)	$ 26,238,555

Liabilities and Net Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current liabilities:				
Current maturities of long-term debt	$ 610,802	$ 0	$ 0	$ 610,802
Line of credit	1,274,126	0	0	1,274,126
Accounts payable	1,116,782	75,149	0	1,191,931
Payable to affiliate	0	805,244	(805,244)	0
Accrued and other liabilities	2,100,469	1,521	0	2,101,990
Total current liabilities	5,102,179	881,914	(805,244)	5,178,849
Long-term liabilities:				
Long-term debt, less current maturities	4,323,364	0	0	4,323,364
Deferred compensation	611,958	0	0	611,958
Total long-term liabilities	4,935,322	0	0	4,935,322
Total liabilities	10,037,501	881,914	(805,244)	10,114,171
Net assets:				
Unrestricted	14,690,183	191,727	0	14,881,910
Temporarily restricted	1,242,474	0	0	1,242,474
Total net assets	15,932,657	191,727	0	16,124,384
TOTAL LIABILITIES AND NET ASSETS	$ 25,970,158	$ 1,073,641	$ (805,244)	$ 26,238,555

Aspirus Keweenaw and Subsidiary

Consolidating Statement of Operations

Year Ended June 30, 2011

	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Revenue				
Net patient service revenue	$ 33,651,822	$ 618,618	$ 0	$ 34,270,440
Retail pharmacy sales	0	3,851,323	(65)	3,851,258
Other revenue	1,087,992	139,058	(40,536)	1,186,514
Total revenue	34,739,814	4,608,999	(40,601)	39,308,212
Expenses				
Cost of goods sold - Pharmacy	0	2,953,436	0	2,953,436
Operating expenses:				
Nursing services	5,915,962	0	0	5,915,962
Other professional services	15,293,142	1,062,403	(40,536)	16,315,009
General services	1,692,011	0	0	1,692,011
Administrative services	4,050,255	183,596	0	4,233,851
Fringe benefits	4,276,231	213,690	(65)	4,489,856
Provision for bad debts	1,921,572	14,051	0	1,935,623
Depreciation and amortization	1,109,930	37,518	0	1,147,448
Interest	279,716	0	0	279,716
Total operating expenses	34,538,819	1,511,258	(40,601)	36,009,476
Income from operations	200,995	144,305	0	345,300
Other income (deductions):				
Investment income	705,677	19	0	705,696
Contributions	9,285	0	0	9,285
Loss on disposal of property and equipment	(9,365)	(825)	0	(10,190)
Other	(5,418)	250	0	(5,168)
Excess of revenue over expenses	$ 901,174	$ 143,749	$ 0	$ 1,044,923

Aspirus Keweenaw and Subsidiary

Consolidating Statement of Operations

Year Ended June 30, 2010

	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Revenue.				
Net patient service revenue	$31,903,956	$550,335	$ 0	$32,454,291
Retail pharmacy sales	0	3,825,210	(580)	3,824,630
Other revenue	1,307,004	0	(40,437)	1,266,567
Total revenue	33,210,960	4,375,545	(41,017)	37,545,488
Expenses·				
Cost of goods sold - Pharmacy	0	2,970,527	0	2,970,527
Operating expenses:				
Nursing services	6,198,712	0	0	6,198,712
Other professional services	16,017,522	993,638	(40,437)	16,970,723
General services	1,724,382	0	0	1,724,382
Administrative services	4,171,361	93,914	0	4,265,275
Fringe benefits	5,423,328	208,504	(580)	5,631,252
Provision for bad debts	1,210,762	0	0	1,210,762
Depreciation and amortization	1,127,085	40,451	0	1,167,536
Interest	223,035	0	0	223,035
Total operating expenses	36,096,187	1,336,507	(41,017)	37,391,677
Income (loss) from operations	(2,885,227)	68,511	0	(2,816,716)
Other income (deductions)·				
Investment income	1,322,708	482	0	1,323,190
Contributions	22,088	0	0	22,088
Gain on disposal of property and equipment	55,402	0	0	55,402
Other	(28,066)	0	0	(28,066)
Excess (deficiency) of revenue over expenses	$ (1,513,095)	$ 68,993	$ 0	$ (1,444,102)

See Independent Auditor's Report on Additional Information.

Aspirus Keweenaw and Subsidiary

Detail Statements of Patient Service Revenue - Hospital

Years Ended June 30, 2011 and 2010

	2011		
	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Daily patient services	$ 3,214,366	$ 873,152	$ 4,087,518
Labor and delivery	49,416	0	49,416
Nursery	91,986	0	91,986
Operating and recovery room	475,647	3,449,286	3,924,933
Ambulatory surgery	0	521,200	521,200
Orthopedic	0	715,095	715,095
Endoscopy	39,502	1,014,733	1,054,235
Central services and supply	244,376	884,693	1,129,069
Emergency room	177,335	1,693,358	1,870,693
Total routine services	4,292,628	9,151,517	13,444,145
Ancillary services.			
Laboratory and pathology	2,239,916	6,373,693	8,613,609
EKG and stress testing	49,362	110,932	160,294
Radiology (includes ultrasound and nuclear medicine)	934,755	5,276,733	6,211,488
EEG	16,593	277,550	294,143
MRI and CT Scan	517,915	3,790,696	4,308,611
Anesthesiology	203,988	1,158,544	1,362,532
Pharmacy and IV therapy	1,976,940	6,738,301	8,715,241
Respiratory therapy	1,275,970	360,582	1,636,552
Occupational therapy	10,377	312,362	322,739
Physical therapy	163,119	2,256,094	2,419,213
Speech therapy	8,877	39,054	47,931
Diabetes education	0	16,896	16,896
Professional surgery services	0	1,535,712	1,535,712
Family practice clinics	0	5,077,821	5,077,821
Emergency physicians	81,815	1,196,243	1,278,058
Chemotherapy and injection services	1,480	749,933	751,413
FastCare	0	241,686	241,686
Total ancillary services	7,481,107	35,512,832	42,993,939
Total patient service revenue	$ 11,773,735	$ 44,664,349	$ 56,438,084

	2010		
	Inpatient	Outpatient	Total
$	2,904,517	$ 460,112	$ 3,364,629
	49,471	0	49,471
	89,448	0	89,448
	553,230	2,607,039	3,160,269
	0	337,198	337,198
	0	264,540	264,540
	35,583	926,961	962,544
	217,145	756,563	973,708
	102,212	1,342,119	1,444,331
	3,951,606	6,694,532	10,646,138
	1,160,897	5,875,023	7,035,920
	46,834	105,008	151,842
	724,058	4,259,377	4,983,435
	8,928	298,761	307,689
	524,390	3,693,237	4,217,627
	194,944	787,125	982,069
	1,433,176	7,125,801	8,558,977
	1,011,963	305,229	1,317,192
	18,976	408,663	427,639
	183,535	1,901,172	2,084,707
	1,115	10,320	11,435
	0	8,619	8,619
	0	1,353,783	1,353,783
	0	4,727,331	4,727,331
	63,455	1,004,160	1,067,615
	1,307	655,649	656,956
	0	172,951	172,951
	5,373,578	32,692,209	38,065,787
$	9,325,184	$ 39,386,741	$ 48,711,925

Aspirus Keweenaw and Subsidiary

Detail Statements of Deductions From Patient Service Revenue - Hospital

Years Ended June 30, 2011 and 2010

	2011	2010
Deductions from patient service revenue:		
Contractual adjustments:		
Medicare	$ 14,223,794	$ 12,150,511
Medicaid	6,071,635	3,206,173
Other discounts and adjustments	2,490,833	1,451,285
Total deductions from patient service revenue	$ 22,786,262	$ 16,807,969

Aspirus Keweenaw and Subsidiary

Detail Statements of Other Revenue - Hospital

Years Ended June 30, 2011 and 2010

	2011	2010
Medical transcripts	$ 9,728	$ 8,335
Vending machines	8,699	9,001
Cafeteria meals	95,790	102,218
Fitness memberships	0	185,515
Miscellaneous	973,775	1,001,935
Total other revenue	$ 1,087,992	$ 1,307,004

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital

Years Ended June 30, 2011 and 2010

	Salaries and Wages		Supplies and Other		Totals	
	2011	2010	2011	2010	2011	2010
Nursing services:						
Daily patient services	$ 2,182,081	$ 2,311,129	$ 181,872	$ 163,964	$ 2,363,953	$ 2,475,093
Labor and delivery	0	2,175	241	181	241	2,356
Nursery	17,912	42,819	11,492	3,293	29,404	46,112
Operating and recovery room	310,533	339,008	156,434	405,101	466,967	744,109
Ambulatory surgery	204,097	179,542	12,363	11,854	216,460	191,396
Orthopedic	108,206	311,160	504,007	176,521	612,213	487,681
Endoscopy	39,791	61,115	38,173	37,124	77,964	98,239
Central services and supply	0	0	551,363	473,834	551,363	473,834
Emergency room	1,465,674	1,470,901	131,723	208,991	1,597,397	1,679,892
Total nursing services	4,328,294	4,717,849	1,587,668	1,480,863	5,915,962	6,198,712
Other professional services:						
Laboratory and pathology	966,585	702,611	1,117,043	1,142,421	2,083,628	1,845,032
EKG and stress testing	141	440	2,634	25,465	2,775	25,905
Radiology (includes ultrasound and nuclear medicine)	928,667	926,997	626,252	518,970	1,554,919	1,445,967
EEG	0	0	12,157	13,984	12,157	13,984
MRI and CT Scan	0	0	778,536	843,305	778,536	843,305
Anesthesiology	448,403	443,782	86,113	129,787	534,516	573,569
Pharmacy and IV therapy	291,119	292,273	1,496,218	1,615,105	1,787,337	1,907,378
Respiratory therapy	189,812	198,925	29,576	29,113	219,388	228,038

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital (Continued)

Years Ended June 30, 2011 and 2010

	Salaries and Wages		Supplies and Other		Totals	
	2011	2010	2011	2010	2011	2010
Other professional services: (Continued)						
Occupational therapy	$ 162,325	$ 161,648	$ 60,898	$ 62,612	$ 223,223	$ 224,260
Physical therapy	610,212	659,988	135,138	155,727	745,350	815,715
Speech therapy	40,153	0	10,867	5,715	51,020	5,715
Social services	99,753	103,961	1,364	1,139	101,117	105,100
Medical records	384,542	406,833	60,765	56,182	445,307	463,015
Medical library	0	0	0	25	0	25
Family practice clinics	3,371,359	3,809,033	1,648,642	1,803,496	5,020,001	5,612,529
Chemotherapy and injection services	204,925	99,546	321,249	17,557	526,174	117,103
Professional surgery services	728,246	689,888	44,912	43,817	773,158	733,705
Fitness center	(1,321)	178,424	0	138,723	(1,321)	317,147
Diabetes education	12,947	36,192	68,786	83,826	81,733	120,018
Northridge Pines assisted living facility	59,412	400,912	26,948	131,482	86,360	532,394
FastCare	180,330	4,619	87,434	82,999	267,764	87,618
Total other professional services	8,677,610	9,116,072	6,615,532	6,901,450	15,293,142	16,017,522
General services:						
Dietary	264,951	250,419	186,360	199,468	451,311	449,887
Plant operation	219,562	243,156	484,241	447,428	703,803	690,584
Housekeeping	304,960	323,845	26,538	60,589	331,498	384,434
Laundry and linen	0	0	63,170	61,112	63,170	61,112
Receiving and stores	120,316	131,075	21,913	7,290	142,229	138,365
Total general services	909,789	948,495	782,222	775,887	1,692,011	1,724,382

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital (Continued)

Years Ended June 30, 2011 and 2010

	Salaries and Wages		Supplies and Other		Totals	
	2011	2010	2011	2010	2011	2010
Administrative services:						
Fiscal services	$ 739,829	$ 672,660	$ 1,470,982	$ 1,618,980	$ 2,210,811	$ 2,291,640
Marketing and public relations	18,494	82,642	290,960	251,993	309,454	334,635
Foundation/development	33,425	32,876	3,169	1,624	36,594	34,500
Human resources	153,233	179,042	127,746	139,076	280,979	318,118
Community education	49,213	50,184	6,181	16,002	55,394	66,186
Accounting	84,968	76,258	24,775	21,258	109,743	97,516
Admitting	287,763	265,454	19,214	14,320	306,977	279,774
Business office	391,798	398,874	124,350	124,463	516,148	523,337
Data processing	134,756	139,806	89,399	85,849	224,155	225,655
Total administrative services	1,893,479	1,897,796	2,156,776	2,273,565	4,050,255	4,171,361
Fringe benefits	0	0	4,276,231	5,423,328	4,276,231	5,423,328
Provision for bad debts	0	0	1,921,572	1,210,762	1,921,572	1,210,762
Depreciation and amortization	0	0	1,109,930	1,127,085	1,109,930	1,127,085
Interest	0	0	279,716	223,035	279,716	223,035
Total expenses	$ 15,809,172	$ 16,680,212	$ 18,729,647	$ 19,415,975	$ 34,538,819	$ 36,096,187