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DLN: 93493132025542

Form **990**

Department of the Treasury

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)

2010

OMB No 1545-0047

► The organization may have to use a copy of this return to satisfy state reporting requirements

Open to Public

		e Selvice						Inspection
A Fo	or the	2010 ca	lendar year, or tax year begin C Name of organization	nning 07-01-2010 and ending 06-30-20	11	D Empl	over	identification number
		applicable	WA Foote Memorial Hospital				-	
	dress cl	_	Doing Business As			_ 38-2	027	689
	me cha		Allegiance Health			E Telep	hone	number
Ind	tıal retu	ım		ıf maıl ıs not delivered to street address)	Room/suite	_ (517)788	3-4800
Te	rmınate	ed	205 N East Avenue					
_ Am	nended	return	City or town, state or country, ai	nd ZIP + 4	•	G Gross	recei	ots \$ 425,672,065
— Ap	plicatioi	n pending	Jackson, MI 49201					
			F Name and address of p	principal officer	H(a) is this	a group return	for affil	ıates?
			Georgia Fojtasek		13 (13)	a group recurr	ioi aiiii	ideas y 165 y 116
			205 N East Avenue Jackson, MI 49201		H(b) Are al			
								t (see instructions)
I Ta	ıx-exen	npt status	▼ 501(c)(3)	◀ (insert no)	H(c) Grou	up exempt	ion n	umber 🟲
	ebsite	e: ► www	w allegiancehealth org					
					1			
			Corporation Trust Associa	ation Other -	L Year of fo	mation 19	70	M State of legal domicile MI
Pa	rt I		mary					
				sion or most significant activities th and well-being at every stage of life				
2		vve lead	our community to better heart	in and wen-being at every stage of me				
Ě								
≣								
Ş	2	Check th	ns box দ if the organization	discontinued its operations or disposed	d of more than 2	25% of its	net a	assets
Activities & Governance	3	Number	of voting members of the gove	erning body (Part VI, line 1a)	•	Ĺ	3	14
χ χ	4	Number	of independent voting membe	rs of the governing body (Part VI, line ${ t 1}$	b)	. [4	6
Ě	5	Total nui	mber of individuals employed	ın calendar year 2010 (Part V, line 2a)			5	3,893
ਓ	6	Total nui	mber of volunteers (estimate	ıf necessary)			6	1,003
4	7a	Total uni	related business revenue from	n Part VIII, column (C), line 12			7a	4,417,478
	b	Net unre	lated business taxable incom	e from Form 990-T, line 34			7b	-83,783
					Pric	or Year		Current Year
	8	Contri	butions and grants (Part VIII	, line 1 h)		329,	296	834,666
₽	9	Progra	ım service revenue (Part VIII	, line 2g)		398,700,!	557	388,344,564
Revenuk	10	Invest	tment income (Part VIII, colu		6,581,	716	5,560,340	
=	11	Other	revenue (Part VIII, column (/	A), lines 5, 6d, 8c, 9c, 10c, and 11e)		5,781,	789	6,853,959
	12			11 (must equal Part VIII, column (A), lı	ne			
	-					411,393,	\rightarrow	401,593,529
	13			art IX, column (A), lines 1–3)		630,0	$\overline{}$	665,000
	14			rt IX, column (A), line 4)			0	0
82	15	Saları 5-10)		oyee benefits (Part IX, column (A), lines		196,367,	464	204,451,189
<u>×</u>	16a	•		X, column (A), line 11e)			0	0
Expenses	Ь						\dashv	
ă			indraising expenses (Part IX, column			202 570 (200	100 025 461
	17), lines 11a-11d, 11f-24f)		203,579,9	-	198,925,461
	18 19			must equal Part IX, column (A), line 25) ne 18 from line 12		400,577,4 10,815,9	\rightarrow	404,041,650
_ m	13	Keven	ue less expelises Subtract III	ne 10 nom me 12	Bosinni.		\rightarrow	-2,448,121
8 0 0 0					_	g of Curre ⁄ear	"	End of Year
ege.	20	Total a	assets (Part X, line 16)			431,509,3	319	471,756,796
Net Assets or Fund Balances	21					277,912,	-	270,066,283
žŽ	22			ect line 21 from line 20		153,596,8	-	201,690,513
Pa	rt II		ature Block		 			· · ·
Unde know	r pena	alties of pe and belie	erjury, I declare that I have exar	nined this return, including accompanying te. Declaration of preparer (other than offi				
		T _k			2	012-05-09		
Sigr	า	Signa	ature of officer			ate		
Her		Georg	gıa Fojtasek President & CEO					
			or print name and title					
		Print/Type		Preparer's signature	Date	Check if sel		PTIN
Paid	}	preparer's Firm's nar	s name me FErnst & Young US LLP			employed I	<u> </u>	
Prep			-					Firm's EIN •
Use (rim's add	dress 🎙 41 South High Street					Phone no ▶ (614) 224- 5678
	ا -		Columbus, OH 43215					1 3070

May the IRS discuss this return with the preparer shown above? (see instructions) $\ \ .$

Par	t III		nt of Program Service	Accomplishments e to any question in this Part III		F
resp char uniq supp takii	Missio onsibil acter a ueness oort, en ng pride	nWe lead our ties and ins nd respect fo , and differer couragemen	piring others to have confident or others Teamwork working t nces Quality committment to t, and sensitivity Listening ar g service beyond expectations	nd well-being at every stage of life (ce in you Integrity behavior that is together in an environment of mutual excellence in care Compassion acid responding to individual needs in Healing Environment providing an	honest, fair, trustworthy and a l respect Diversity respect for knowledging the feelings of ot a patient and caring manner (sincere, strength of or individual beliefs, thers with empathy, Customer Service
2	the p	rıor Form 99	on undertake any significant p 0 or 990-EZ? these new services on Sched	orogram services during the year wh		∕es ✓ No
3	Did th	ne organizati ces?		significant changes in how it condu		Yes 🔽 No
4	Desc Secti	rıbe the exer on 501(c)(3	mpt purpose achievements for) and 501(c)(4) organizations	each of the organization's three larg and section 4947(a)(1) trusts are revenue, if any, for each program serv	required to report the amount	
4a	ensui elder progr spirit healt the u Cons Servi Allegr obste care, healt resou unde to par contin multi agen in the Coun comr publi physi nutrit supp on as healt blooc 2011 \$320 year year Throu whee \$89,8 \$635 is to Acces unins bealt blooc veri wheelt to par contin healt to par contin healt to par contin healt blooc 2011 \$320 wheelt should wheelt should wheelt should wheelt should wheelt should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should should sho	dospital devote re that our mission of our mission heare services inderinsured tot istent with Scheces The Hospital anceHealth orgain clinic and hineeds regard inces. These proserved Impacts ystimulates exhous health immunity Health immunity Health immunity Health immunity stakehold recognition of ty based on as nunity stakehold recognition of call environment of the provided edisthma, AIDS/HI himporovement in improvement lospital has condital provided edisthma, AIDS/HI himporovement lospital has condital provided edisthma, AIDS/HI himporovement lospital function in fiscal years and in management in improvement lospital has condital provided edisthma, AIDS/HI himporovement lospital function in fiscal years and in himporovement lospital function in fiscal years and in himporovement lospital function in fiscal years and in himporovement lospital function in fiscal years and himporovement los	s substantial efforts and resources to sion is accomplished Unreimbursed Siring the fiscal year ended June 30, 2 ximately 18% of the services were pand values, the Hospital has taken to all persons. During the fiscal year aled \$21.4 million. In addition, the redule H reporting at cost bad debt are alserves seven counties with a med. The Hospital supports unprofitable/s cy and trauma services, general mediabetes clinic Community Benefit A less of source or availability of paymograms address one of the six criteria the health status of the identified coternal community partnershipsThe Hoprovement in our community and in provides staff and infrastructure to faikeholders group led by Allegiance Hosfits, school districts, health plans, mingrecedented alignment of goals and a Community Action Plan including disessment and data-driven processes ders. The overarching tactics that the health lifestyle practices, improve a fat changes, Provide social support and alth and smoking behavior change Hoton of health initiatives that have be port longevity. In addition to operative expertise on wellness and preverse, tobacco treatment services, weight pronties identified by the HIO. The immitted over \$19.6 million of funding lucational sessions and clinics that reversely, diabetes, family planning, fitness/ tional offerings were located at the letters, mental health/depression, vasinded a 24 hour nurse call center proroups for asthma/COPD/breathing, but of \$8,787 Counseling services for fail discounted prescription drug and medically support for the uninsured Ticare coverage in Jackson County for chiprovides free physician and hospital provides free care for medically executive staff sit on a number of goan Community Foundation, Fitness and Fitness for Jackson Community College including the Greater Jackson Changer including the Greater Jack	providing health services to people in its concruces Provided to the Elderly and the Poor 2011, approximately 43% of the value of services Provided to the Elderly and the Poor 2011, approximately 43% of the value of serviced to patients who were deemed indiginactive steps to address those issues that a concept of the provided charity care of \$37 2 million dispiral provided charity care at cost for fiscal year 2011 who call staff of more than 400 physicians. A consubsidized health services including inpatient iccine, family/general practice, senior service citivities. The Hospital is engaged in community nent and provide measurable improvement in Supports the Hospitals community based in Supports the Hospitals community based in Supports the Hospitals community health costs. Sealth Improvement Organization (HIO) was a tegrate wellness and prevention throughout cultitate the coordination of local health improvement of local health improvement of local health improvement of local health improvement of local poperative and strategies to address in a swell as input from over 30 representative of community Action Plan relies upon include access to healthy foods and safe, attractive, diservices that promote consistent screening ealth Improvement Organization. The HIO being provided as part of a community wide popular of the HIO CC, the Allegiance intion at the Board, Service Line and community in to this program Other Community nursing, etc. Department of Prevention and Community in to this program Other Community nursing, etc. Department of Prevention and Community in the cancel of 145,808 individuals at a cost of \$216, exercise, health, heart, nutrition and weight dispital, community fairs, parishes, schools, cular disease and womens health served 1,2 widing health information to the community ereavement/grief, cancer, diabetes and strongles were provided to 46,959 community	The Hospital provides a substantial strices rendered were to elderly patient under state, county, or Medicard will affect accessibility, the financing ibursed cost of services provided to an and recorded a provision for bad das \$10.1 million and \$11.7 million respite listing of services is available and outpatient mental health and ses, cardiac and pulmonary rehabilitative programs and services that address, cardiac and pulmonary rehabilitative programs and services that address health access, health status, and the insignificant of the problems of the	portion of its services to the ents under the Medicare I Center guidelines In the , and the delivery of the elderly, uninsured, and ebts of \$31 7 million espectively Patient on the internet at ubstance abuse services, icon, palliative care, wound ess identified community he use of healthcare ioor or medically munity regardless of ability. To promote a culture of ment of Prevention and eating Council (HIO CC) is a lith and human service its across community leaders the HIO CC has culminated and depression in Jackson vice agencies, and over 100 ce media attention and h supportive policies and ps for physical activity, giths and infrastructure to agement and an established d Community Health y (including employer-based embers to support the und \$1 5 million Since 2001, iton and Outreach, the is/clinics included education cessation, and womens ical Screenings for high if \$12,455 in fiscal year in 2011 was mmunity members in fiscal cost of \$45,237 in fiscal 89 during fiscal year 2011 Assistance, including at a cost of ealth Center, providing Health Plan, whose mission to establish the Project incial assistance and are in the reported charity care for Family Health, Ella Healthlink, Jackson anthropy, Gift of Life and the enter, Jackson Citizens For each in the reported charity care for Family Health, Ella Healthlink, Jackson anthropy, Gift of Life and the enter, Jackson Citizens For
4b	(Cod	e) (Expenses \$	including grants of \$) (Revenue \$)
	_					
4c	(Cod	e) (Expenses \$	including grants of \$) (Revenue \$)
	_					
	_					
4d			ervices (Describe in Schedul	·) /D	`
40	• •	enses \$		g grants of \$) (Revenue \$)

art TV	Checklist of	Required	Schedules
	CHCCKHSCOL	IXCUUII CU	Scriculics

			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 1	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi- endowments? If "Yes," complete Schedule D, Part V	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(II)? If "Yes," complete Schedule E	13		No
	Did the organization maintain an office, employees, or agents outside of the United States?	14a	Yes	
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	Yes	
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? <i>If</i> "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? <i>If</i> "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	

Par	t 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 $\textcircled{\textbf{5}}$	21	Yes	
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
	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	Yes	
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)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
C	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c	Yes	
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 \Box Yes \Box 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	
		F	orm 990	(2010)

Form 990 (2010)

Part V Statements Regarding Other IRS Filings and Tax Compliance

	Check if Schedule O contains a response to any question in this Part V	•	-1	
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable 1a 275			
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			
2a	gaming (gambling) winnings to prize winners?	1c	Yes	
Za	Statements filed for the calendar year ending with or within the year covered by this			
ь	return			
_	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the			
	year?	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
la	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	Yes	
b	If "Yes," enter the name of the foreign country			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
ia	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
ia	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		Νo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
,	Organizations that may receive deductible contributions under section 170(c).			
а	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		Νo
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	7c		No
d	file Form 8282?	70		110
_	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit			
٦	contract?	7e		Νo
	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		
3	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		
	Sponsoring organizations maintaining donor advised funds.			
а	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
.0 a	Section 501(c)(7) organizations. Enter Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
D	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
.2a	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			
.3	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	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		
h	Enter the amount of reserves the organization is required to maintain by the states			
ט	in which the organization is licensed to issue qualified health plans			
С	Enter the amount of reserves on hand 13c			
.4a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		Νo
ь	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

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	stion in this Part VI	
-------------------------------------------------------------------------	-----------------------	--

Se	ction 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								
b	Enter the number of voting members included in line 1a, above, who are independent								
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No					
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No					
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No					
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No					
6	Does the organization have members or stockholders?	6	Yes						
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes						
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes						
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following								
а	The governing body?	8a	Yes						
b	Each committee with authority to act on behalf of the governing body?	8b	Yes						
9	,								
Se	ection B. Policies (This Section B requests information about policies not required by the Internal								
Re	venue Code.)								
			Yes	No					
	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						
С	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?								
а	The organization's CEO, Executive Director, or top management official	15a	Yes						
ь	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						
ь	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						
Se	ection C. Disclosure								
17									

- 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
- State the name, physical address, and telephone number of the person who possesses the books and records of the organization > Jeanne Wickens
 205 N East Avenue

Jackson, MI 49201 (517) 788-4800

<u>Part VIII</u> Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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 organi		elated o	rganı	zatio	on co	ompen	sate	d any current office	er, director, or trust	ee
(A) Name and Title	(B) A verage hours	(C) Position (check all that apply)				(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other		
	per week (describe hours for related organizations in Schedule O)	Officer Officer Institutional Trustee Individual trustee or director		Ke) employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
See Additional Data Table										
				<u> </u>	<u> </u>					

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

	(A) Name and Title	(B) A verage hours		(ition that a			ıll		(D) Reportable compensation from the	(E) Reportable compensation from related	compensation from the organization a related organizations	ited f other	
		per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)		from t rganızatı relat	the on and ed
See A	dditional Data Table												
											+		
				 	<u> </u>		+				+		
				\vdash	<u> </u>		+				+		
				<u> </u>			-				+		
				<u> </u>	<u> </u>		-				+		
				<u> </u>									
1b	Sub-Total				٠.	•	'	>					
С	Total from continuation sheets						Þ						
d								+	7,753,952		0	į	993,703
2	Total number of individuals (incl \$100,000 in reportable compen						above) who	received more tha	n			
												Yes	No
3	Did the organization list any fori on line 1a? <i>If</i> "Yes," complete Sch					eye •	mploy •	ee,o	r highest compens	ated employee	3	Yes	
4	For any individual listed on line in organization and related organization and related organization.										4	Yes	
5	Did any person listed on line 1a services rendered to the organiz									r ındıvıdual for •	5	1	No
	outo production to the												
1	ection B. Independent Con Complete this table for your five		nsated	ınden	ende	ent o	contrac	ctors	that received more	than			
	\$100,000 of compensation from			F									

(A) Name and business address	(B) Description of services	(C) Compensation
Huron Consulting 550 W Van Buren Chicago, IL 60607	Consulting Services	4,091,356
McKesson Information Solutions One Post Street San Francisco, CA 94104	Medical Information Services	3,565,129
Pulmonary Clinic of Southern Michigan 900 East Michigan Avenue Jackson, MI 49201	Medical Services	2,302,945
University of Michigan 1500 E Medical Center Dr Ann Arbor, MI 48109	Medical & Educational Services	1,831,382
Independent Emergency Physicians PC PO Box 100 Royal Oak, MI 48068	Emergency Room Services	1,632,884
2 Total number of independent contractors (including but not limited to those listed above) \$100,000 in compensation from the organization \$190	who received more than	

Part	·/	Statement of Revenu	ie		(A) Total revenue	(B) Related or exempt	(C) Unrelated business	(D) Revenue
						function revenue	revenue	excluded from tax under
								512, 513, or
40 00	1a	Federated campaigns	1a					514
Contributions, gifts, grants and other similar amounts		Membership dues						
ıg. mo		·						
ifts Ira		Fundraising events						
s, g nila		Related organizations	. 1d	834,666				
ons sír	е	Government grants (contributions)	1e					
her	f	All other contributions, gifts, grants, similar amounts not included above	and 1f					j j
trib off	а	Noncash contributions included in lir						
on a	h	Total. Add lines 1a-1f	.		834,666			
<u> </u>		Total. Add lilles 1a-11	· · · · · · · · · · · · · · · · · · ·	Business Code				
an	2-			Business Code			2 276 204	
ven	2a	Patient Service Revenu		621990	388,067,191	384,690,807	3,376,384	
æ æ	b	FHC Associates & JCA		621910	277,373	277,373		
ИСе	С							
33	d							
E	е							
Program Service Revenue	f	All other program service rev	renue					
₹	g	Total. Add lines 2a-2f			388,344,564			
	3	Investment income (including	g dividends, interest					
		and other similar amounts) .			5,247,812			5,247,812
	4	Income from investment of tax-exe	empt bond proceeds					
	5	Royalties						
			(ı) Real	(II) Personal				
		Gross Rents	1,553,471 1,257,431					
		Less rental expenses						
	C	Rental income or (loss)	296,040					
	d	Net rental income or (loss) .			296,040			296,040
			(ı) Securities	(II) O ther				
	7a	Gross amount from sales of assets other than inventory	22,365,404	768,229				
	b	Less cost or other basis and sales expenses	22,043,186	777,919				
		Gain or (loss)	322,218	-9,690				
		Net gain or (loss)			312,528			312,528
Other Revenue	8a	Gross income from fundraisin (not including \$						
Hè.		of contributions reported on I See Part IV, line 18						
er			a					
λth	ь	Less direct expenses	. ь					
,	c	Net income or (loss) from fun	draising events 🟲					
	9a	Gross income from gaming ac	ctivities See Part IV, line 19 .	a				
		Less direct expenses		b				
		Net income or (loss) from gar						
	10a	Gross sales of inventory, less returns and allowances	S					
			a					
	b	Less cost of goods sold .	. b					
	c	Net income or (loss) from sal	es of inventory 🟲					
		Miscellaneous Revenue		Business Code				
	11a	Services to Affiliates		561000	3,633,788		680,545	
	b	Cafeteria		722210	1,738,307			1,738,307
	c	Vendor Rebates		621990	493,887	493,887		
	d	All other revenue			691,937	331,388	360,549	
	е	• Total. Add lines 11a-11d .			6,557,919			
	12	Total revenue. See Instruction	ons ►		401,593,529	388,746,698		7,594,687
						For	m 990 (20	10)

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

	ll other organizations must complete column (A) but are not required to c	omniete column	s(B)(C) and (וח	
	ot include amounts reported on lines 6b,	_	(B)	(c)	(D)
	o, 9b, and 10b of Part VIII.	(A) Total expenses	Program service expenses	Management and general expenses	Fundraising expenses
1	Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	665,000	665,000		
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	5,289,347		5,289,347	
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$) and persons described in section $4958(c)(3)(B)$	297,850		297,850	
7	Other salaries and wages	162,648,569	134,293,763	28,354,806	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,490,539	9,970,540	2,519,999	
9	Other employee benefits	12,194,872	9,734,525	2,460,347	
10	Payroll taxes	11,530,012	9,203,802	2,326,210	
а	Fees for services (non-employees) Management	3,345,768		3,345,768	
b	Legal	547,231	436,826	110,405	
С	Accounting	257,700		257,700	
d	Lobbying	195,636		195,636	
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees	262,754		262,754	
g	Other	36,004,487	28,740,488	7,263,999	
12	Advertising and promotion	1,702,075	1,358,677	343,398	
13	Office expenses	16,268,256	12,986,093	3,282,163	
14	Information technology	9,727,270	7,764,768	1,962,502	
15	Royalties				
16	Occupancy	6,576,238	5,249,465	1,326,773	
17	Travel	395,680	315,851	79,829	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	395,680	315,851	79,829	
20	Interest	7,161,755	5,716,852	1,444,903	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	24,367,537	19,451,323	4,916,214	
23	Insurance	4,802,508	3,833,590	968,918	
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	Pharmaceuticals	32,880,459	32,880,459		
ь	Medical supplies	32,878,735	32,878,735		
c	Swap Loss Transaction	12,441,000		12,441,000	
d	Food	2,154,323	2,154,323		
e	Bond Loss Transaction	1,982,992		1,982,992	
f	All other expenses	4,577,377	4,577,377		
25	Total functional expenses. Add lines 1 through 24f	404,041,650	322,528,308	81,513,342	0
26	Joint costs. Check here ► ┌ ıf 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				

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing	•		4,819,088	1	10,694,871
	2	Savings and temporary cash investments			22,894,310	2	9,144,349
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			51,390,158	4	53,695,026
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	s, key	employees, and			
		Schedule L			47,120	5	42,685
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$, and contributing esponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)	mploy	ers, and			
sts		Schedule L			15,263	6	60,000
Assets	7	Notes and loans receivable, net			2,035,406	7	1,889,563
۲	8	Inventories for sale or use			6,393,449	8	6,525,464
	9	Prepaid expenses and deferred charges			6,986,127	9	7,684,889
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	329,782,290			
	b	Less accumulated depreciation	10b	169,574,994	164,861,287	10 c	160,207,296
	11	Investments—publicly traded securities	165,242,839	11	215,114,646		
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			6,824,272	15	6,698,007
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			431,509,319	16	471,756,796
	17	Accounts payable and accrued expenses .			26,773,338	17	33,438,347
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			159,835,000	20	173,518,633
es	21	Escrow or custodial account liability Complete Part IV of Schedu	le D			21	
bilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified					
Lial		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties	5.			23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D		91,304,166	25	63,109,303	
	26	Total liabilities. Add lines 17 through 25			277,912,504	26	270,066,283
-		Organizations that follow SFAS 117, check here ► 🗸 and com	plete l	ines 27			
ė		through 29, and lines 33 and 34.					
Balance	27	Unrestricted net assets			153,596,815	27	201,690,513
B	28	Temporarily restricted net assets				28	
Fund	29	Permanently restricted net assets				29	
Ŧ		Organizations that do not follow SFAS 117, check here $ ightharpoonup$ a	nd con	nplete			
ō		lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other f	unds			32	
Net	33	Total net assets or fund balances			153,596,815	33	201,690,513
	34	Total liabilities and net assets/fund balances			431,509,319	34	471,756,796

Pa	Check if Schedule O contains a response to any question in this Part XI			. [고	
1	Total revenue (must equal Part VIII, column (A), line 12)	1		401.5	593,529
2	Total expenses (must equal Part IX, column (A), line 25)	2			041,650
3	Revenue less expenses Subtract line 2 from line 1	3		-2,4	148,121
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		153,5	596,815
5	Other changes in net assets or fund balances (explain in Schedule O)	5		50,5	541,819
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		201,6	590,513
Pai	TEXII Financial Statements and Reporting Check if Schedule O contains a response to any question in this Part XII			୮	
1	Accounting method used to prepare the Form 990 Cash Accrual Other	[Yes	No
	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? \cdot .		2a		Νo
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
С	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of taudit, 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	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were is	ssued		105	
_	on a separate basis, consolidated basis, or both				
	Separate basis Consolidated basis Both consolidated and separated basis				
За	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?	e	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the readult or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b		

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DLN: 93493132025542

OMB No 1545-0047

OMB No 1545-004

2010

Open to Public Inspection

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

Department of the Treasury Internal Revenue Service Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

Public Charity Status and Public Support

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

Employer identification number

WA Foote Memorial Hospital 38-2027689 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) A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i). 1 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E) 굣 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). 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 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) A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331/3% 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 331/3% 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) An organization organized and operated exclusively to test for public safety Seesection 509(a)(4). 10 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of 11 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 Type I **b** Type II Type III - Other 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) 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 Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) Yes No 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	(iv) Is the organizati col (i) list your gove docume	on in ted in rning	(v) Did you not organizati col (i) of suppor	on in your	(vi) Is the organizati col (i) orga	on in anized	(vii) A mount of support
		inst ruct ions))	Yes	No	Yes	No	Yes	No	
-									
-									
Total									

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.)

S	ection A. Public Support		and to quanty t			out complete	
	endar year (or fiscal year beginning						
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	ınclude 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						
Ū	line 4						
S	ection B. Total Support		<u> </u>	I I.			
	endar year (or fiscal year beginning						
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7	A mounts from line 4						
8	Gross income from interest,						
Ū	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)					<u> </u>	
12	Gross receipts from related activiti	es, etc (See inst	ructions)			12	
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı	
	check this box and stop here						►
	-tiC Ct-ti	L'a Carana at B					
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))			
	· ·		•	II Column (1))		14	
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15	
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check	
_	and stop here. The organization qua						▶ □
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -
	box and stop here. The organization				45.46		►
1/a	10%-facts-and-circumstances test-						
	is 10% or more, and if the organization made						rt a d
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo	
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ						
	Explain in Part IV how the organization						V
	supported organization	aon meets the 10	acts and circuilis	tances test fill	z organizacion qual	mes as a publici	y ▶[¯
18	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	▶ □

organization

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 (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here Section C. Computation of Public Support Percentage 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 Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 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

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 **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).

Schedule A (Form 990 or 990-EZ) 2010

DLN: 93493132025542

OMB No 1545-0047

SCHEDULE C (Form 990 or 990-EZ)

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.

Open to Public Inspection

Department of the Treasury ► Attach to Form 990 or Form 990-EZ. ► See separate instructions. Internal Revenue Service

If the organization answered "	Yes," to Form 990, Part	IV, Line 3, or Form	990-EZ, Part V, lin	e 46 (Political Campaign	Activities),
then					
◆ Section 501(c)(3) organizations	Complete Parts I-A and B	Do not complete Part	l-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.

	me of the organization Foote Memorial Hospital			Employerid	entification number
WW	Toole Memorial Hospital			38-202768	9
ar	t I-A Complete if the or	ganization is exempt und	er section 501(
L	Provide a description of the oi	ganızatıon's dırect and ındırect po	litical campaign act	tivities in Part IV	
<u> </u>	Political expenditures			.	\$
3	V olunteer hours				
		ganization is exempt und			
•		e tax incurred by the organization			\$
2	•	e tax incurred by organization ma	_	on 4955 🕨	\$
3	If the organization incurred a	section 4955 tax, did it file Form 4	1720 for this year?		☐ Yes ☐ No
la	Was a correction made?				☐ Yes ☐ No
b	If "Yes," describe in Part IV				
ar		ganization is exempt und	_	<u> </u>	01(c)(3).
1	, ,	ended by the filing organization fo		•	\$
2	Enter the amount of the filing exempt funtion activities	organization's funds contributed to	o other organization	s for section 527	¢.
	·			50 DOL 100 47h	₽
3	i otal exempt function expend	itures Add lines 1 and 2 Enter he	ere and on Form 112	20-POL, line 1/b -	\$
ŀ	Did the filing organization file	Form 1120-POL for this year?			☐ Yes ☐ No
5		nd employer identification number			
	organization made payments amount of political contributio	nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	r the amount paid front in the contract of the	om the filing organization' I to a separate political or	s funds Also enter the ganızatıon, such as a
	organization made payments amount of political contributio	For each organization listed, enterns received that were promptly an	r the amount paid front in the contract of the	om the filing organization' I to a separate political or	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political
	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,
<u> </u>	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	organization made payments amount of political contributio separate segregated fund or a	For each organization listed, enterns received that were promptly an political action committee (PAC)	r the amount paid fri id directly delivered If additional space	om the filing organization? I to a separate political or I is needed, provide inform (d) A mount paid from filing organization's	s funds Also enter the ganization, such as a nation in Part IV (e) Amount of politica contributions received and promptly and directly delivered to a separate political organization If none,

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply		
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns	rom the following table in both		
	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		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ 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)).	

		(6	a)	(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
а	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?		Νo		
e	Publications, or published or broadcast statements?		Νo		
f	Grants to other organizations for lobbying purposes?		Νo		
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		195,636	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i	Other activities? If "Yes," describe in Part IV		No		
j	Total lines 1c through 1i			195,636	
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		İ		
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				
	ATTI A Complete if the exercisation is exercise under costion FO1(c)(4), costion	E047	\ <u>-</u>		

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".

	41.51.61.64 1.65 1		
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).		
а	Current year	2a	
b	Carryover from last year	2b	

3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues

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?
 Taxable amount of lobbying and political expenditures (see instructions)

2a	
2b	
2c	
3	
4	
5	

Part IV Supplemental Information

c Total

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
Part IV, Supplemental Information		Part II-B, Line 1(g) Description of Lobbying Activities Health care is a highly-regulated field, requiring frequent and high-level communication with regulators and elected officials. A small investment in lobbying enables us to remain in contact with legislators and government agencies, maximize the resources with which we are entrusted and assure that we provide the best care to our community. Allegiance enlists the services of several lobbying consultants, attorneys and healthcare trade associations.

DLN: 93493132025542

OMB No 1545-0047

Inspection

Open to Public

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.

Nam VA F	e of the organization oote Memorial Hospital	En	Employer identification number						
YAI	ote Pierronal Hospital		38	38-2027689					
ar	Organizations Maintaining Donor A organization answered "Yes" to Form 99	90, Part IV, line 6.				•		f the	
		(a) Donor advised funds	i	(b) Fund	s and oth	her accou	ınts		
	otal number at end of year								
	Aggregate contributions to (during year)								
	Aggregate grants from (during year)								
A	Aggregate value at end of year								
	Did the organization inform all donors and donor adv funds are the organization's property, subject to the			lvised		☐ Yes	Г	No	
	Did the organization inform all grantees, donors, and used only for charitable purposes and not for the ber conferring impermissible private benefit				e	┌ Yes	Г	No	
	Conservation Easements. Complete	if the organization answered	"Yes" to Fo	rm 990	Part IV	<u>'</u>			
	Purpose(s) of conservation easements held by the o Preservation of land for public use (e g , recreat Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qual	ion or pleasure)	tion of an hist tion of a certif	ied histori	c structu		ea		
	easement on the last day of the tax year			Held	at the F	nd of the	Ye:	ar	
	Total number of conservation easements		2a	Ticia	at the L	ina or the		41	
	Fotal acreage restricted by conservation easements		2b						
	Number of conservation easements on a certified his	2c							
	Number of conservation easements included in (c) a	2d	_						
	Number of conservation easements modified, transforms to the taxable year 🛌	erred, released, extinguished, or t	erminated by	the organ	zation di	urıng			
	Number of states where property subject to conserv								
	Does the organization have a written policy regardin enforcement of the conservation easements it holds		tion, handling	of violatio	ns, and	┌ Yes	Г	No	
	Staff and volunteer hours devoted to monitoring, ins	pecting and enforcing conservation	on easements	during the	year ►_				
	Amount of expenses incurred in monitoring, inspect	ng, and enforcing conservation ea	asements dur	ing the yea	ar►\$				
	Does each conservation easement reported on line : 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?	2(d) above satisfy the requiremen	nts of section			┌ Yes	Г	No	
	In Part XIV, describe how the organization reports of balance sheet, and include, if applicable, the text of the organization's accounting for conservation ease.	the footnote to the organization's ments	financial stat	ements th	at descri	ıbes			
rt	Organizations Maintaining Collection Complete of the organization answered	ons of Art, Historical Treas "Yes" to Form 990, Part IV, II	sures, or C ne 8.	ther Sir	nilar A	ssets.			
	If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held provide, in Part XIV, the text of the footnote to its fil	l for public exhibition, education o	r research in				e,		
	If the organization elected, as permitted under SFAS nistorical treasures, or other similar assets held for provide the following amounts relating to these item	public exhibition, education, or re							
	(i) Revenues included in Form 990, Part VIII, line 1			▶ 9	β				
	(ii) Assets included in Form 990, Part X			> \$;				
	If the organization received or held works of art, hist following amounts required to be reported under SFA		assets for fina	ancıal gaır	ı, provide	the the			
	Revenues included in Form 990, Part VIII, line 1			▶ \$;				
	, : -: : ; ::: - =			- 7					

b Assets included in Form 990, Part X

- (-	(411) Organizations Maintaining Co	nections of Art, r	IISt	OFI	cai ire	asures, o	Cune	er Sillilla	r Asse	:LS (CO	ntinuea)
3	Using the organization's accession and othe items (check all that apply)	r records, check any o	fthe	e foll	owing th	at are a signi	ıfıcantı	use of its c	ollection	า	
а	Public exhibition		d	Γ	Loan or	exchange pr	ogram:	s			
b	Scholarly research	•	e	Γ	Other						
c	Preservation for future generations										
4	Provide a description of the organization's co	ollections and explain	how	they	/ further	the organizat	tion's e	xempt purp	ose in		
5	During the year, did the organization solicity assets to be sold to raise funds rather than t							mılar	Г	Yes	┌ No
Pa	rt IV Escrow and Custodial Arrang Part IV, line 9, or reported an ar	ements. Complete	ıf t	he	organiza	ation answe		Yes" to Fo	rm 990),	
1a	Is the organization an agent, trustee, custoc included on Form 990, Part X?	ian or other intermedia	ary f	or c	ontributio	ons or other	assets	not	Г	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	/ and complete the foll	lown	ng ta	able			1			
							-	<u> </u>	Amou	ınt	
С.	Beginning balance						1c				
d	Additions during the year						1d	<u> </u>			
e	Distributions during the year						1e				
f	Ending balance						1f				
2a	Did the organization include an amount on Fo		1?						Γ	Yes	☐ No
b											
Pa	rt V Endowment Funds. Complete	f the organization a		vere Prior		' to Form 9' (c)Two Years I) Four Ye	ears Back
1a	Beginning of year balance	642,729	(5)	11101	42,176	(c) Two Tears	Jack (C	Tyrinee rears	Dack (C	. y i oui i	Lars back
ь	Contributions	2,045,207			946,077						
c	Investment earnings or losses	-5,012									
d	Grants or scholarships	849,502									
е	Other expenditures for facilities and programs				345,524						
f	Administrative expenses	709,305									
g	End of year balance	1,124,117			642,729						
2	Provide the estimated percentage of the yea	r end balance held as									
а	Board designated or quasi-endowment 🕨										
b	Permanent endowment 🕨										
c	Term endowment ► 100 000 %										
За	Are there endowment funds not in the posse	ssion of the organization	on tł	nat a	re held a	and administ	ered fo	r the			
	organization by								D (1)	Yes	No
	(i) unrelated organizations		•	•					3a(i) 3a(ii)	Yes	No
b	(ii) related organizations If "Yes" to 3a(ii), are the related organization								3b	Yes	
4	Describe in Part XIV the intended uses of th						•			1	
Pa	rt VI Investments—Land, Building	s, and Equipment	. Se	ee F	orm 990	D, Part X, lı	ne 10.				
	Description of investment			(a)	Cost or oth	ner (b) Cost	or other	(c) Accumi		(d) Boo	ok value
1a	Land		\dashv			9	,630,527	,			9,630,527
b	Buildings		ļ				,606,490		18,774		9,087,716
	Leasehold improvements		f				<u> </u>	<u> </u>			<u> </u>
	Equipment		ļ			130	,802,238	90,3	77,047	40	0,425,191
	Other		ļ				,743,035		79,173		1,063,862
	al. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990 Part X column	(B)	line	10(c))		• •		-),207,296

Part VII Investments—Other Securities. See	Form 990, Part X, line 12		
(a) Description of security or category	(b)Book value		od of valuation
(including name of security)		Cost or end-o	f-year market value
(1)Financial derivatives			
(2)Closely-held equity interests			
O ther			
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)	•		
Part VIII Investments—Program Related. Se	e Form 990, Part X, line	13.	
(a) Description of investment type	(b) Book value	(c) Metho	od of valuation
- (a) Description of investment type	(b) Book value	Cost or end-o	f-year market value
- 1.1 (0.1 (1) 1.1 (1) 1.5 (1) 1.1 (1) 1.1 (1) 1.1 (1)	•		
Part IX Other Assets. See Form 990, Part X, col (B) line 13)			
(a) Descri			(b) Book value
(a) Descri	рстоп		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line	15.)		
Part X Other Liabilities. See Form 990, Part X	X, line 25.		
1 (a) Description of Liability	(b) A mount		
Federal Income Taxes			
Accrued Payroll and Payroll Taxes	17,462,913		
Retirement Plan Liability	31,702,583		
Accrued Interest Payable	630,106		
Other Liabilities			
Other Liabilities	13,313,701		
Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	63,109,303		

Par	Reconciliation of C	hange in Net Assets from For	<u>m 990</u>) to Financial	Statemer	<u>its</u>	
1	Total revenue (Form 990, Part	VIII, column (A), line 12)				1	
2	Total expenses (Form 990, Par	rt IX, column (A), line 25)				2	
3	Excess or (deficit) for the year	Subtract line 2 from line 1				3	
4	Net unrealized gains (losses) o	on investments				4	
5	Donated services and use of fa	cilities				5	
6	Investment expenses					6	
7	Prior period adjustments					7	
8	Other (Describe in Part XIV)					8	
9	Total adjustments (net) Add II	nes 4 - 8				9	
10	Excess or (deficit) for the year	per financial statements Combine line	es 3 an	d 9		10	
Part		evenue per Audited Financial			Revenue p	er Re	turn
1		er support per audited financial statem				1	
2	Amounts included on line 1 bu	ut not on Form 990, Part VIII, line 12					
а	Net unrealized gains on invest	tments		2a			
b	Donated services and use of f	acılıtıes	.	2b			
c	Recoveries of prior year grant	s		2c			
d	Other (Describe in Part XIV)		[2d			
e	Add lines 2a through 2d .					2e	
3	Subtract line ${f 2e}$ from line ${f 1}$.					3	
4	Amounts included on Form 99	0, Part VIII, line 12, but not on line $oldsymbol{1}$					
а	Investment expenses not incl	luded on Form 990, Part VIII, line 7b	.	4a			
b	Other (Describe in Part XIV)		. [4b			
C	Add lines 4a and 4b					4c	
5		d 4c. (This should equal Form 990, Pa				5	
Part		xpenses per Audited Financia	l Stat	ements With	Expenses	per F	Return
1	Total expenses and losses pe statements	r audited financial				₁	
2		it not on Form 990, Part IX, line 25					
a	Donated services and use of fa			2a			
b	Prior year adjustments			2b		1	
c	Other losses			2c		1	
d	Other (Describe in Part XIV)			2d		1	
e	Add lines 2a through 2d					2e	
3	Subtract line 2e from line 1 .					3	
4	Amounts included on Form 99	0, Part IX, line 25, but not on line 1:					
а	Investment expenses not incl	uded on Form 990, Part VIII, line 7b		4a			
b	Other (Describe in Part XIV)			4b]	
c	Add lines 4a and 4b					4c	
5	Total expenses Add lines 3 a	nd 4c. (This should equal Form 990, Pa	art I, lır	ne 18)		5	
Par	t XIV Supplemental Inf	formation					
Part		scriptions required for Part II, lines 3, , Part XII, lines 2d and 4b, and Part X					
	Identifier	Return Reference			Explanati	on	
	Identifier Return Reference Explanation escription of Intended Use of Index and owners and owners funds the organization's endowment funds the organization						tment of uninsured

DLN: 93493132025542

OMB No 1545-0047

2010

Open to Public **Inspection**

SCHEDULE F (Form 990)

Department of the Treasury Internal Revenue Service

► Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

Statement of Activities Outside the United States

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization WA Foote Memorial Hospital **Employer identification number**

					38-2027689	
Pa	"Yes" to Form 990, Pa			ne United States. C	omplete if the organiz	ation answered
1	For grantmakers. Does the o			s to substantiate the	amount of the grants	or
	assistance, the grantees' elig					
	the grants or assistance?					┌ Yes ┌ No
2	For grantmakers. Describe in Pa United States	rt V the organiz	atıon's procedur	es for monitoring the us	e of grant funds outside th	ne
3	Activites per Region (Use Part	V ıf addıtıonal s	pace is needed))		
	(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
	Cayman Islands	0	1	Program Services	Self & Malpractice Insurance	3,597,932
3:	 Sub-total		1			3,597,932
	• Total from continuation sheets to Part I		0			0
	Totals (add lines 3a and 3b)		1			3,597,932

Part	Part IV, l	ine 15, for any					plete if the organiza received more thai		
	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) A mount of cash grant	(f) Manner of cash disbursement	(g) A mount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
2	Enter total nur tax-exempt by	mber of recipie the IRS, or fo	nt organizations lis or which the grante	ted above that are e or counsel has pro	recognized as chari ovided a section 50	ties by the foreign o 1(c)(3) equivalency	country, recognized letter	as . ►	
3	Enter total nur	mber of other o	organizations or en	tities					(Form 990) 2010

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) A mount of cash grant	(e) Manner of cash disbursement	(f) A mount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
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Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)	[Yes	Γ	Νo
2	Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)	Γ	Yes	┍	Νo
3	Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)	굣	Yes	Γ	Νo
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)	Г	Yes	্ব	Νo
5	Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)	Г	Yes	্ব	Νo
6	Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).	Г	Yes	দ	No

Schedule F (Form 990) 2010

Additional Data

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

Schedule F (Form 990) 2010

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Part V Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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DLN: 93493132025542

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization WA Foote Memorial Hospital

Employer identification number

В-	Time meial Accieta			au Cammunitu Ba		2027689					
Ρē	Irt I Financial Assista	ince and C	ertain Uth	er Community Be	nents at Cost			Yes	No		
1a	Did the organization have a fi	nnancıal assı	stance policy	during the tax year? I	f "No," skip to questio	n 6 a .	1a	Yes	140		
ь	If "Yes," is it a written policy	·					1b	Yes			
2	If the organization has multip assistance policy to its vario	le hospitals, i	ındıcate whic	h of the following best		of the financial		103			
	Applied uniformly to all ho	spitals		Applied uniformly	to most 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										
а	Does the organization use Fe income individuals? If "Yes,"	deral Poverty									
		_				ity for free care	3a	Yes			
	100% 150%		о% Г	Other	<u> </u>						
b	Does the organization use FP "Yes," indicate which of the fo					dıvıduals? If	3b	Yes			
	□ 200% □ 250%	Г 30	00% F	350% Г 40	0% Г Other_	º/o					
С	If the organization does not u determining eligibility for free test or other threshold, regard	or discounte	d care Inclu	de in the description w	hether the organizatior						
4	Did the organization's financi					uring the tax year	4	Yes			
5a	provide for free or discounted care to the "medically indigent"?										
b											
С	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?										
6a	a Does the organization prepare a community benefit report during the tax year?							Yes			
6b	b If "Yes," did the organization make it available to the public?										
	Complete the following table is worksheets with the Schedule		ksheets prov	ided in the Schedule H	instructions Do not s	ubmit these			_		
7	Financial Assistance and C	ertain Other	Community E	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 to expense	enefit	(f) Pero total ex			
а	Financial Assistance at cost (from Worksheets 1 and 2)			11,740,838	32,725	11.70	8,113	2	900 %		
b	Unreimbursed Medicaid (from Worksheet 3, column a)			64,092,833	51,980,711	·	2,122		000 %		
c	Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			01,072,033	31,300,711	12,11			000 70		
d	Total Financial Assistance and Means-Tested Government Programs			75,833,671	52,013,436	23,82	0,235	5	900 %		
e	Other Benefits Community health improvement services and community benefit operations (from (Worksheet 4)			1,021,626		1,021,626		26 0 250 %			
f	Health professions education (from Worksheet 5)										
g	Subsidized health services (from Worksheet 6)										
h i	Research (from Worksheet 7) Cash and in-kind contributions to community groups (from Worksheet 8)			1,301,712	36,651	1.26	55,061	0	310 %		
j 1	Total Other Benefits			2,323,338	36,651		6,687		560 %		
k '	Total. Add lines 7d and 7j			78,157,009	52,050,087	26,10	6,922	6	460 %		

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. (b) Persons (c) Total community (a) Number of (d) Direct offsetting (e) Net community (f) Percent of served (optional) activities or building expense revenue building expense total expense programs (optional) 0 % 602 Physical improvements and housing 602 26,029 Economic development 26,029 0 010 % Community support 212,999 212,999 0 050 % Environmental improvements Leadership development and training for community members 6 Coalition building 54,112 54,112 0 010 % Community health improvement advocacy 19.338 19 338 0 % Workforce development 0 010 % 52,175 52,175 9 Other 10 Total 365,255 365,255 0 080 % **Bad Debt, Medicare, & Collection Practices** Part III Section A. Bad Debt Expense Yes No Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Νo Enter the amount of the organization's bad debt expense (at cost) 2 10,009,926 Enter the estimated amount of the organization's bad debt expense (at cost) 3 2.164.790 attributable to patients eligible under the organization's financial assistance policy 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 Enter total revenue received from Medicare (including DSH and IME) 147,119,868 5 Enter Medicare allowable costs of care relating to payments on line 5 163,794,080 6 Subtract line 6 from line 5 This is the surplus or (shortfall) . . . -16,674,212 7 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 Cother Cost to charge ratio Cost accounting system **Section C. Collection Practices** Does the organization have a written debt collection policy? . 9a Yes If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for 9b Yes patients who are known to qualify for charity care or financial assistance? Describe in Part VI Part IV Management Companies and Joint Ventures (a) Name of entity (b) Description of primary (c) Organization's (d) Officers, directors, (e) Physicians' trustees, or key employees' profit % activity of entity profit % or stock profit % or stock ownership % ownership % or stock ownership% 1 1 Foote Health Center Associates Entity leases medical office space 54 430 % 0 % 45 570 % 2 2 Jackson Community Medical Records Entity provides electronic medical records to hospital 51 000 % 0 % 49 000 % & community doctors 3 4 5 6 8 9 10 11 12 13

Part	V Facility Information									
(list in larges How m	on A. Hospital Facilities order of size, measured by total revenue per facility, from t to smallest) nany hospital facilities did the organization operate during x year? 1	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Ortical access hospital	Research facility	ER-24 hours	ER-other	
Name	and address									Other (Describe)
1	WA Foote Memorial Hospital 205 N East Avenue Jackson, MI 49201	Х	х					х		
		<u> </u>								
		<u> </u>								
		 	-							
		<u> </u>								
		<u> </u>			ļ					
		<u> </u>		1	<u> </u>	_				

ow many non-hospital facilities did the	e organization operate during the tax	x year? 36
ame and address		Type of Facility (Describe)
	See Additional Data Table	
0		

Part V Facility Information (continued)

Schedule H (Form 990) 2010 Page 8

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
- 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
- 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.)
- 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 6a The Hospital prepares an annual community benefit report, which can be accessed at allegiancehealth org/givingback and is also mailed to over 113,000 households in our community

Identifier	ReturnReference	Explanation
		Part I, Line 7 The Hospital used a cost-to-charge ratio to calculate the cost of charity care and Medicaid shortfall Community Health Improvement Services and Cash and In-Kind Contributions are actual amounts

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Our total expense from Form 990, Part IX, line
		25, column (A) was \$404,041,650 This expense is used as the denominator for purposes of calculating Part I, Line 7,
		column(f) The denominator does not include bad debt expense

Identifier	ReturnReference	Explanation
		Part II The Hospital is involved in numerous community building activities We believe these activities, such as supporting affordable housing, working in partnership with the local community college to develop skilled nurses and supporting economic development programs directly improve the general health and wellness of the community Also, staff at every level of the organization are encouraged to serve community groups that promote education, health and economic advocacy for the less fortunate

Identifier	ReturnReference	Explanation
		Part III, Line 4 Allegiance Health and Subsidiaries Audited
		Financial Statements Footnote 1 Basis of Organization and
		Significant Accounting Policies Accounts receivable are
		reduced by an allowance for uncollectible accounts In
		evaluating the collectibility of accounts receivable, the Hospital
		analyzes its historical experience and identifies trends for each
		of its major payor sources to estimate the appropriate
		allowance for uncollectible accounts and the provision for bad
		debts Management regularly reviews data about these major
		payor sources in evaluating the sufficiency of the allowance for
		uncollectible accounts For receivables associated with
		services provided to patients who have third-party health care
		coverage, the Hospital analyzes contractually due amounts and
		provides an allowance for uncollectible accounts and provision
		for bad debts For receivables associated with self-pay
		accounts (which includes both patients without insurance and
		patients with deductible and copayment balances due for which
		third-party coverage exists for part of the bill), the Hospital
		records a significant provision for bad debts in the period of
		service on the basis of its past experience, which indicates that
		many patients are unable or unwilling to pay the portion of their
		bill for which they are financially responsible. The difference
		between the standard rates and the amounts actually collected
		after all reasonable collection efforts have been exhausted is
		charged off against the allowance for uncollectible accounts
		The provision for bad debts has been reported as a deduction
		from net patient service revenue Costing methodology used in
		determining the organization's bad debt expense at cost
		Costing for line 2 follows the directions provided on the IRS
		Schedule H optional worksheet A, utilizing the cost to charge
		ratio generated on worksheet 2 The organization's cost-to-
		charge ratio was used to calculate bad debt expense at cost
		The amount of bad debt reported in the fiscal year 2011 audited
		financial statements was \$31,734,583 The bad expense
		reported at cost based on the cost-to-charge ratio was
		\$10,009,926

Identifier	ReturnReference	Explanation
		Part III, Line 8 The organization believes the entire Medicare shortfall reported on Line 7 should be treated as Community Benefit Allegiance Health is nationally recognized by Healthgrades as being in the top five percent nationally for clinical excellence and patient safety. Allegiance Health also benchmarks favorably on overall cost per case and is deemed to be an efficient provider. The organization is subsidizing a government program and sustaining significant losses in providing health care to Medicare receipients. By continuing to treat patients eligible for Medicare, hospitals alleviate the federal government's burden for directly providing medical services. The IRS recently acknowledged that lessening the government burden associated with providing Medicare benefits is a charitable purpose.

Identifier	ReturnReference	Explanation
		Part III, Line 9b The Hospital does not collect from patients known to qualify for charity care or other financial assistance Patients having difficulty paying their bills are directed to financial counselors. These counselors review the patients information in order to see if they qualify for assistance. In addition, bills sent to patients include a number to call for help in providing the required financial information to qualify for charity care. All attempts at debt collection are halted if a patient fills out a financial aid application and is determined to qualify for financial aid assistance.

Identifier	ReturnReference	Explanation		
		Part VI, Line 7 State Filing of Community Benefit Report - Not Applicable		

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Allegiance Health conducts a telephone survey every three years in order to gather information on the health status of Jackson County. We collect responses from over 1,000 Jackson County residents age 18 and older to a 180 question survey about their health status, insurance coverage, personal health habits and health care experiences. The specific steps involve collecting and analyzing health information for our County (including subpopulations within our County), measuring our health status against other communities, the state and the nation, prioritizing health issues within the community, creating a system for sharing this data with community organizations and residents, initiating strategic planning to address these issues through collaborative activities, and monitoring impact of health initiatives on community health outcomes.

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Uninsured inpatients and observation patients are referred to a financial counselor (contracted agent/partner) for assistance with Medicaid, SSI, and Allegiance Health program applications Many outpatients needing or having received hospital services are also referred to the agent/partner for assistance ER patients are provided with a packet of information at discharge from the department.
		includes information about how assistance may be obtained through the local Medicaid office and about how to apply for our income structured payment plan and uncompensated care
		programs When patients are billed for balances they owe, we solicit them to call the Business Office with any questions or for assistance Additionally, a series of letters are sent to patients to apprise them of payment and assistance options Allegiance
		has a printed brochure that is available through Registration that includes information regarding Medicaid application assistance and our internal programs. The Allegiance Health
		website includes a series of web pages related to transparency, quality, pricing, and our financial policies, procedures, and programs. Uninsured patients needing mental health services are screened for eligibility through our partnership with the
		Jackson Community Mental Health Agency, which funds care for indigent, dual diagnosis, and Medicaid patients Patients seeking substance abuse care are linked with the Mid-South Substance Abuse Commission Registration and Business
		Office team members receive direct training on our programs and scripting for ensuring information is provided to the patients and families with whom our staff interact Education is provided to organizational leaders to ensure that team members outside
		of Finance are aware of our programs and where to direct patients and families who may need or who are seeking assistance

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Allegiance Health is the only hospital system
		located in Jackson County, although residents also access
		various other unrelated health systems in neighboring counties
		The county ranked 65 out of 82 Michigan counties in overall
		health, and 53 out of 82 counties in factors contributing to
		health, including social and economic factors, according to a
		study released by the University of Wisconsin Population
		Health Institute Access to health care is also considerably
		lower than national and state figures, and statistics related to
		contributing behavioral factors in Jackson among certain
		geographic and demographic subpopulations are particularly
		concerning According to 2009 census estimates, the
		population of Jackson County was at nearly 160,000, with less
		than 35,000 people living in the city of Jackson. The county is
		primarily rural with some urban and suburban sections. The
		median income in Jackson County is \$47,424 and 13 2% of
		residents live below the federal poverty line. Data from the
		2008 Community Health Assessment shows that 37% of
		Jackson County residents are covered by Medicaid and
		Medicare, while an additional 17% of residents have no health
		care coverage at all During the 2011 fiscal year, Allegiance
		Health had 9,351 Medicare discharges and 5,088 Medicaid
		discharges from inpatient services. Outpatient services saw
		151,185 Medicare visits and 74,375 Medicaid visits
		Physician practice visits totaled 153,645 during fiscal year
		2011, with 99,208 primary care visits and 54,437 visits to
		specialists Approximately 41% of these patients were covered
		under Medicare, while 11% were on Medicaid and 3% were
		uninsured There are 12 different census tracts within Jackson
		County that are considered as medically underserved areas
		Allegiance Health also provides financial and leadership
		support of primary care services for the underserved,
		regardless of their ability to pay, through the Center for Family
		Health (CFH), a federally qualified health center In fiscal 2011,
		CFH saw 26,620 patients, of which 55% were on Medicaid, 5%
		were on Medicare and 27% were uninsured

Identifier	ReturnReference	Explanation
Identifier	ReturnReference	Explanation Part VI, Line 6 Allegiance Health is honored to have received several awards in recent years, including the American Hospital Associations 2010 Foster G McGaw Prize for excellence in community service, which is presented to only one hospital in the United States each year. This award is the ultimate recognition of Allegiance Health's commitment to community health improvement and partnership. The health system also continues to earn national recognition for clinical quality and patient safety. Among the honors was being chosen as 1 of only 23 large community hospitals in the United States to win the new Thomson Reuters 100 Top Hospitals. Everest Award for National Benchmarks 2009, which recognizes hospitals that are setting national standards for quality at an accelerated rate of improvement. For the fifth time, Thomson Reuters also ranked Allegiance Health as one of the 100 Top Hospitals for National Benchmarks, based on demonstrated delivery of quality care and excellent financial management. A 2009 Premier Award for Quality, from the Premier Health Care Alliance, placed Allegiance Health in the top one percent of U. S. hospitals for quality As a recipient of the HealthGrades Distinguished Hospital Award for Clinical Excellence, Allegiance Health ranks among the top five percent in the nation for clinical excellence For the second year in a row, Allegiance Health also won the HealthGrades Patient Safety Excellence Award, which places it among the top five percent of hospitals in the nation for patient safety Allegiance is 1 of only 3 hospitals in the nation for patient safety Allegiance and Patient Safety Awards. In addition, HealthGrades rated Allegiance Health among the Top 10 percent of hospitals in the United States for the treatment of stroke and overall pulmonary services. The Health Improvement Organization (HIO) was created by Allegiance Health improvement in our community and integrate welliness and prevention throughout our services. The Allegiance Department of Prevention and Community
		Improvement Organization (HIO) was created by Allegiance Health in 2001 to promote a culture of continuous health improvement in our community and integrate wellness and prevention throughout our services The Allegiance Department
		Health with representation from local government, public health, health care, health and human service agencies and nonprofits, school districts, health plans, mental health, employers and the faith community. The HIO CC coordinates efforts across community leaders in health to create unprecedented alignment of goals and resources, as well as a strong community platform for advocacy. The work of the HIO CC has culminated in the completion of a Community Action Plan including Goals, O bjectives and Strategies to address physical activity,
		nutrition, tobacco, and depression in Jackson County based on assessment and data-driven processes, as well as input from over 30 representatives from local health and human service agencies, and over 100 community stakeholders. The overarching tactics that the Community Action Plan relies upon include evidence-based activities to Enhance media attention and public recognition of healthy lifestyle practices Improve access to healthy foods and safe, attractive, affordable places.
		for activity through supportive policies and physical environment changes Provide social support and services that promote consistent screening, referral and supportive relationships for physical activity, nutrition, mental health and smoking behavior change See Form 990, Schedule O, Program Service Accomplishments for more detail

Identifier	ReturnReference	Explanation
		Part VI, Line 7 The Hospital's sole corporate member is Allegiance Health Services, a 501(c)(3) organization Other affiliates include a Foundation, a Hospice, a Long Term Acute Care Hospital (LTACH), a Volunteer Organization and a Home Health Care company, all 501(c)(3) organizations The Hospital, Hospice, LTACH and Home Health Care organization work together to provide necessary medical services to the Jackson Community The Foundation and the Volunteer Organization work closely with the Parent and the Hospital in raising funds for projects and services that would benefit the overall well-being of the community The most recent campaign successfully raised funds to expand and improve our cancer care service line Prior campaigns have provided funds for a Hospice Home Residence and monies to subsidize medical care for indigent patients See Form 990, Schedule 0, Program Service
		Schedule H (Form 990) 2010

Software ID: **Software Version:**

EIN: 38-2027689

Name: WA Foote Memorial Hospital

Form 990 Schedule H. Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly

Form 990 Schedule H, Part V Section C. Other Facilities That Recognized as a Hospital Facility	Are Not Licensed, Registered, or Similarly
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? 36	
Name and address	Type of Facility (Describe)
Allegiance Hematology Oncology 1100 E Michigan Avenue Jackson, MI 49201	Cancer Treatment
Allegiance Vascular Health 300 W Washington Avenue	Vascular Health
Jackson, MI 49201 Allegiance Orthopedics 1201 E Michgan Avenue	Orthopedics
Jackson, MI 49201 Allegiance Gastroenterology 1100 E Michigan Avenue Ste 310	Gastroenterology
Jackson, MI 49201 Allegiance General Surgery 300 W Washington Avenue	Surgery Center
Jackson, MI 49201 Allegiance Hospitalist Service 205 N East Avenue	Hospitalists Group
Jackson, MI 49201 Allegiance Express Care 110 N Elm	Emergency Care
Jackson, MI 49202 Allegiance Family Medicine - Townsend	Family Medicine
400 Hinckley Blvd Jackson, MI 49203 Allegiance Cardio Surgery	Surgery Center
1125 E Michigan Avenue Jackson, MI 49201	
Allegiance Family Medicine - Leslie 130 N Sherman Leslie, MI 49251	Family Medicine
Allegiance Intensivist Services 205 N East Avenue Jackson, MI 49201	Internal Medicine
Allegiance Behavioral Health 205 N East Avenue Jackson, MI 49201	Behavioral Health
Allegiance Rheumatology 1201 E Michgan Avenue Ste 100 Jackson, MI 49201	Rheumatology
Allegiance Family Medicine - Summit Wood 2585 Spring Arbor Road Jackson, MI 49203	Family Medicine
Allegiance Family Medicine - Spring Arbo 7845 Spring Arbor Road	Family Medicine
Spring Arbor, MI 49283 Allegiance EKG 205 N East Avenue	Pulmonary Medicine
Jackson, MI 49201 Allegiance Family Medicine - Mason 810 Hogsback Road	Family Medicine
Mason, MI 48854 Allegiance Hearing Center 1111 Teneyck	Hearing Loss Treatment
Jackson, MI 49201 Allegiance Family Medicine - Albion 27931 C Drive North	Family Medicine
Albion, MI 49224 Express Care Kids 110 N Elm	Emergency Care
Jackson, MI 49202 Allegiance Neuropsychiatry 205 N East Avenue	Neuropsychiatry
Jackson, MI 49201 Allegiance Internal Medicine 900 E Michigan Avenue	Cancer Treatment
Jackson, MI 49201 Allegiance Family Medicine - Brookyln 153 Wamplers Lake Road	Family Medicine
Brooklyn, MI 49230 Allegiance Family Medicine - Grass Lake 12369 E Michigan Avenue	Family Medicine
Grass Lake, MI 49240 Allegiance Family Medicine - Cascade Rid 3333 Spring Arbor Road Ste 100	Family Medicine
Jackson, MI 49203 Allegiance Family Medicine - MI CTR 4304 Page Avenue	Family Medicine
Michigan Center, MI 49254 Allegiance Senior Health Center 205 N East Avenue	Geriatric Services
Jackson, MI 49201 Allegiance Palliative Care 205 N East Avenue	Palliative Care
Jackson, MI 49201 Allegiance Neurology 1201 E Michgan Avenue	Neurology
Jackson, MI 49201 Allegiance Diabetes Center	Diabetes
817 W High Street Jackson, MI 49203 Allegiance EEG	Brain Diagnostics
205 N East Avenue Jackson, MI 49201 Allegiance Occupational Health Urgent Ca	Urgent Care
One Jackson Square Jackson, MI 49201 Allegiance Family Medicine - North Stree	Family Medicine
1401 W North Street Jackson, MI 49202 Allegiance Family Medicine - East Michig	Family Medicine
3235 E Michigan Avenue Jackson, MI 49202 Allegiance Family Medicine - Onsted	Family Medicine
8958 West M-50 Onsted, MI 49265 Allegiance Family Medicine - Springport	Family Medicine
2282 Springport Road Ste B Jackson, MI 49202	

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Schedule I (Form 990)

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

OMB No 1545-0047

DLN: 93493132025542

Department of the Treasury Internal Revenue Service

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

Employer identification number

Name of the organization						Employer identif	ication number
WA Foote Memorial Hospital						38-2027689	
Part I General Inform	mation on Grants	and Assistance				l	
Does the organization mathemathemathemathemathemathemathemathe	d to award the grants (orassistance?					┌ Yes ┌
Form 990, Part 1	IV, line 21 for any r	Governments and ecipient that received ded	d more than \$5,000	. Check this box if n	io one recipient rece	ived more than \$5,0	
1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Center for Family Health 2298 Springport Road Jackson, MI 49202	38-3251354	501(c)(3)	635,000	0	N/A		The Center for Family Health grant provides operational support for medically underserved populations
(2) Healthlink205 N East Avenue Jackson, MI 49201	38-2756425	501(c)(3)	30,000	0	N/A		The Helping Hands Home Care grant supports respite care for families without the financial means to support needed assistance
2 Enter total number of sec	tion 501(c)(3) and go	vernment organizations			<u> </u>		<u> </u>

Enter total number of other organizations .

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

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

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

Identifier	Return Reference	Explanation
Other Information		Schedule I, Part I, Line 2 The organization sends out an award letter to all grantee recipents. The letter outlines what the funding may be used for and requests a final report detailing the year's activities. Further funding is contingent upon satisfactory completion of this report.

Schedule I (Form 990) 2010

Compensation Information

DLN: 93493132025542

Employer identification number

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

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.

Open to Public Inspection

WA	Foote Memorial Hospital				
	, social mospinal	38-2027689			
Pa	rt I Questions Regarding Compensation	 n			
				Yes	Νo
1a	Check the appropriate box(es) if the organization pro	ovided 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		ganızatıon follow a wrıtten policy regardıng payment or			
	reimbursement orprovision of all the expenses desc	· · · · · · · · · · · · · · · · · · ·	1b	Yes	
2	Did the organization require substantiation prior to r officers, directors, trustees, and the CEO/Executive		2	Yes	
	,,			165	
3	Indicate which, if any, of the following the organization	on uses to establish the compensation of the			
	organization's CEO/Executive Director Check all th	<u></u> -	 -		
	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, or a related organization	Part VII, Section A, line 1a with respect to the filing organization	ļ		
а	Receive a severance payment or change-of-control	payment from the organization or a related organization?	4a	Yes	
b	Participate in, or receive payment from, a suppleme	ntal nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-ba	ased compensation arrangement?	4c		Νo
	If "Yes" to any of lines 4a-c, list the persons and pr	ovide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only mu	ust complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, compensation contingent on the revenues of				
а	The organization?		5a		Νo
b	Any related organization?		5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III				
6	For persons listed in form 990, Part VII, Section A, compensation contingent on the net earnings of	line 1a, did the organization pay or accrue any	ļ		
а	The organization?		6a		No
b	Any related organization?		6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III				
7	For persons listed in Form 990, Part VII, Section A payments not described in lines 5 and 6? If "Yes," of		7	Yes	
8	Were any amounts reported in Form 990, Part VII, p	paid or accured pursuant to a contract that was n Regs section 53 4958-4(a)(3)? If "Yes," describe			
	in Part III	Though Section 33 4330 Halfs, It les, describe	8		No
9	If "Yes" to line 8, did the organization also follow the section 53,4958-6(c)?	e rebuttable presumption procedure described in Regulations	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	L	(B) Breakdown of	W-2 and/or 1099-MI	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) Georgia Fojtasek	(1) (11)	505,152 0	195,030 0	631,746 0	116,995 0	19,515 0	1,468,438 0	463,65
(2) Karen Chaprnka	(1) (11)	290,378 0	82,261 0	89,787 0	53,598 0	14,601 0	5 3 0 ,6 2 5 0	45,96
(3) Jeanne Wickens	(1) (11)	276,764 0	76,069 0	51,660 0	51,517 0	19,622 0	475,632 0	14,08
(4) Rıchard Warren	(1) (11)	192,546 0	57,310 0	68,941 0	57,640 0	19,645 0	396,082 0	32,64
(5) Jacalyn Liebowitz	(1) (11)	190,342 0	57,024 0	67,528 0	43,006 0	17,310 0	375,210 0	29,88
(6) Kenneth Empey	(1) (11)	197,273 0	17,768 0	47,666 0	30,019 0	4,155 0	296,881 0	27,61
(7) Anthony Gardner	(I) (II)	154,529 0	39,576 0	27,704 0	30,934 0	10,020 0	262,763 0	13,35
(8) William Kiel	(1) (11)	156,875 0	17,973 0	12,357 0	27,072 0	20,315 0	234,592 0	
(9) Ray Kıng	(I) (II)	270,922 0	70,111 0	23,994 0	43,451 0	24,804 0	433,282 0	
(10) Tımothy Keener	(I) (II)	233,317 0	20,949 0	13,953 0	19,269 0	27,005 0	314,493 0	
(11) Max Hutton	(1) (11)	166,801 0	498,323 0	4,843 0	36,250 0	27,907 0	734,124 0	
(12) Ryan Beekman	(I) (II)	43,511 0	673,496 0	25,494 0	55,164 0	18,273 0	815,938 0	
(13) Stanley Lee	(1) (11)	505,152 0	100,030 0	17,546 0	45,275 0	27,001 0	695,004 0	
(14) Joann Hirth	(ı) (ıı)	528,050 0	30	24,901 0	45,250 0	1,307 0	599,538 0	
(15) Malcolm Trimble	(1) (11)	539,166 0	30 0	7,796 0	45,250 0	16,189 0	608,431	
(16) Janet Blaır	(1) (11)	0	0	160,394 0	565 0	4,927 0	165,886	60,54

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

Ident if ier	Return Reference	Explanation
		Georgia Fojtasek flew on a charter plane with a delegation of Michigan hospital delegates to a Regional Policy Board meeting The hospital paid Georgia's proportionate charter flight cost Allegiance Health provides a country club membership to several executives The executives are Georgia Fojtasek, Karen Chaprnka and William Kiel Any personal use expense by the executives is taxed as ordinary income
	4a-b ´	Janet Blair the organization's former Human Resources Senior Vice President received a severance payment in the amount of \$165,886 Allegiance Health's officers and highest compensated employees participated in a non-qualified deferred compensation plan. The plan which began in 2005 partially vested for several executives in 2010. Payout of vested amounts resulted in an increase of salary for several executives. Georgia Fojtasek received a payout of her entire vested 457(f) plan due to IRS and Plan requirements relative to age. The calendar year 2010 contribution and payout amounts are as follows. 457(f) Contributions Georgia Fojtasek \$93,720, Karen Chaprinka \$35,223, Jeanne Wickens \$33,142, Ray King \$30,563, Timothy Keener \$6,250, Richard Warren \$24,565, Jacalyn Liebowitz \$24,631, Kenneth Empey \$10,774, William Kiel \$16,745, Anthony Gardner \$17,527, Cheryl Lamborn \$4,804, Max Hutton \$36,250. Ryan Beekman \$53,939, Stanley Lee \$44,050, Joann Hirth \$45,250, Malcolm Trimble \$45,250, 457(f) Payouts Georgia Fojtasek \$463,651, Karen Chaprinka \$45,965, Jeanne Wickens \$14,084, Richard Warren \$32,644, Jacalyn Liebowitz \$29,844, Kenneth Empey \$27,611, Anthony Gardner \$13,354, Jan Blair \$60,542.
	Part I, Line 7	Column B(II) of Part II, Schedule J includes non-fixed payments to certain physicians based on their productivity

Schedule J (Form 990) 2010

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

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

(A) Name	(i) Base Compensation (ii) Bouns & Incentive Compensation (iii) Other Compensation compensation benefits (B)(i)-(D) reported my 990 or Form (i) 505.152 (ii) 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0	(F) Compensation						
			incentive		compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
		505,152 0	195,030 0	631,746 0	116,995 0	19,515 0	1,468,438 0	463,651 0
		290,378 0	82,261 0	89,787 0	53,598 0	14,601 0	530,625	45,965 0
		276,764 0	76,069 0	51,660 0	51,517 0	19,622	475,632 0	14,084
		192,546 0	57,310 0		57,640 0	19,645	396,082 0	32,644 0
		190,342 0	57,024 0	67,528 0	43,006 0	17,310 0	375,210 0	29,884 0
		197,273 0	17,768 0	47,666 0	30,019 0	4,15 5 0	296,881	27,611 0
		154,529 0	39,576 0	27,704 0	30,934 0	10,020	262,763 0	13,354 0
		156,875 0	17,973 0	12,357 0	27,072 0	20,315 0	234,592	0
		270,922 0	70,111 0	23,994 0	43,451 0	24,804 0	433,282 0	0
		233,317 0	20,949 0	13,953 0	19,269 0	27,005 0	314,493 0	0
Max Hutton		166,801 0	498,323 0	4,843 0	36,250 0	27,907 0	734,124 0	0
		43,511 0	673,496 0	25,494 0	55,164 0	18,273 0	815,938 0	0
Stanley Lee	(I) (II)	505,152 0	100,030	17,546 0	45,275 0	27,001	695,004	0
	(ı) (ıı)	528,050 0	30 0	24,901 0	45,250 0	1,307 0	599,538 0	0
	(I) (II)	539,166 0	30 0	7,796 0	45,250 0	16,189 0	608,431	0
	(I) (II)	0	0	160,394 0	565 0	4,927 0	165,886 0	60,542 0

Schedule K (Form 990)

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

DLN: 93493132025542

Open to Public Inspection

Internal Revenue Service
Name of the organization

Department of the Treasury

WA Foote Memorial Hospital

Employer identification number 38-2027689

Р	art I Bond Issues								•					
	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Pri	ce (f	f) Description	of Purpose	(g) De	feased	Beh	On alf of suer) Pool ancing
									Yes	No	Yes	No	Yes	No
A	County of Jackson Hospital Finance Authority	38-6004845	467148EH1	04-21-2011	65,375,		Part V - Supp rmation	lemental		Х		х		Х
В	County of Jackson Hospital Finance Authority	38-6004845	467148DC3	11-02-2010	140,238,		Part V - Supp rmation	lemental		х		Х		Х
Pa	Proceeds						<u> </u>							
1	A mount of bonds retired				A			G 4 01 C 4 4 7		С		_	D	
	Amount of bonds legally defe	eased			•	4,816,44	/	64,816,447				+		
3	Total proceeds of issue				6	5,375,00		75,421,589						
4	Gross proceeds in reserve fu	unds				2,141,48	-	2,141,483				+		
	Capitalized interest from pro					2,141,40	3	2,141,403				+		
6	Proceeds in refunding escro													
7	Issuance costs from procee	ds				540,12	8	840,059						
8	Credit enhancement from pro					18,42	_	495,263						
9	Working capital expenditures	s from proceeds					1	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				1		
10	Capital expenditures from pr	roceeds												
11	O ther spent proceeds				6	4,816,44	7 1	36,761,231						
12	O ther unspent proceeds													
13	Year of substantial completi	on			201	1	2.0	10						
					Yes	No	Yes	No	Yes		No	Ye	es	No
14	Were the bonds issued as pa	art of a current refur	nding issue?		×		Х							
15	Were the bonds issued as pa	art of an advance re	funding issue?			Х		Х						
16	Has the final allocation of pr	oceeds been made?	•		×		Х							
17	Does the organization maint allocation of proceeds?	aın adequate books	and records to sup	pport the final	х		×							
Pa	rt IIII Private Business	Use								'			'	
					Ą		_	В		С			D	
					Yes	No	Yes	No	Yes		No	Ye	s	No

property financed by tax-exempt bonds?

financed property?

Was the organization a partner in a partnership, or a member of an LLC, which owned

Are there any lease arrangements that may result in private business use of bond-

Х

Х

Χ

Par	t IIII Private Business Use (Continued)								•
		-	4		В		С		D
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	Х		Х					
b	Are there any research agreements that may result in private business use of bond-financed property?	Х		Х					
С	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?	Х		×					
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		0 %		0 %		•		
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		0 %		0 %				
6	Total of lines 4 and 5		0 %		0 %				
	Has the organization adopted management practices and procedures to ensure the								

6	lotal of lines 4 and 5			0 %		0 %			
7	Has the organization adopted management practices and procedures to e post-issuance compliance of its tax-exempt bond liabilities?	ensure the	х		х				
Pai	rt IV Arbitrage								
		А	•	В		С		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?		Х		Х				
2	Is the bond issue a variable rate issue?	X			Х				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	х			Х				
ь	Name of provider	RBC							
c	Term of hedge	25 0000	0000000						
d	Was the hedge superintegrated?	×							
e	Was a hedge terminated?		х						
4a	Were gross proceeds invested in a GIC?		Х		Х				
ь	Name of provider	NA		NA					
С	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?								
6	Did the bond issue qualify for an exception to rebate?		х		х				

Part V Supplemental Information

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

Ident if ier	Return Reference	Explanation
	Bond Purpose	Primarily to add marketability to underlying variable rates and refund Bonds. The Bonds refunded are as follows \$36,500,000 County of Jackson Hospital Finance Authority Variable Rate Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2011A were issued to refund the Series 2006A bonds \$28,875,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2011B were issued to refund the Series 2006B bonds
Part I, Line B, column (f)	Bond Purpose	Primarily to obtain traditional fixed interest on bond debt at a time of low prevailing rates and to reissue and refund bonds. The bonds reissued and refunded are as follows \$29,925,000 County of Jackson Hospital Finance Authority Hospital Variable Rate Demand Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan), Series 2006B-1, reissued for tax purposes on 11/02/2010 \$8,940,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan) Series 2006B-2, reissued for tax purposes on 11/02/2010 \$47,400,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan) Series 2006C, reissued for tax purposes on 11/02/2010 \$51,655,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2010A were Issued to refund the Series 2007A and Series 1997A bonds

DLN: 93493132025542

Employer identification number

OMB No 1545-0047

Open to Public **Inspection**

Schedule L

(Form 990 or 990-EZ)

Name of the organization

Transactions with Interested Persons

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

► Attach to Form 990 or Form 990-EZ. ► See separate instructions. Department of the Treasury Internal Revenue Service

Complete if the organization			ection 501(c)(3) a es" on Form 990, P						ine 40b	
1 (a) Name of disqu				(b) Desc	•			, .		(c) rected
					<u>'</u>				Yes	No
2 Enter the amount of tax impose section 4958	ed on th	_	_				ear unde/	r • •		
3 Enter the amount of tax, if any,	on line	2 abov						-		
5 Enter the amount of tax, if any,	, on nne	2, abov	e, reimbursed by th	e organization .	• •			~		
art II Loans to and/or F					_					
Complete if the organiz			"Yes" on Form 990	, Part IV, line 26	or For	m 990-l	EZ, Part \ (f)	/, line 38	3 a	
Name of interested person and	(b) Loan to or from the organization?		(c)O riginal		(e) In		Approved		(g)Written	
purpose			principal amount	(d)Balance due	defau	lt? by board or committee?			agreement?	
	То	From			Yes	No	Yes	No	Yes	No
Patrick Nally		,	60.000			l Na	V		V	
ployee Recruitment Loan Dr Jon Lake	+	X	60,000	60,000		No	Yes		Yes	
ysician Recruitment Loan		Х	11,594	2,902		No	Yes		Yes	
Dr Ray King		\ ,	11 504	2 002		N	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		V	
ysıcıan Recruitment Loan ı Dr Brian Daly	+	X	11,594	2,902		No	Yes		Yes	
ysıcıan Recruitment Loan		Х	78,019	16,219		No	Yes		Yes	
Dr Malcolm Trimble			10.076	10 221		,,	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		V	
ysıcıan Recruitment Loan ı Dr Joann Hirth	+	X	18,876	10,331		No	Yes		Yes	
ysıcıan Recruitment Loan		Х	18,876	10,331		No	Yes		Yes	
tal	<u> </u>		🕨 \$	102,685						
Grants or Assistan Complete if the orga					/ lino	27				
Complete il the orga			Relationship betwe						_	
			,	po.		(c)An	าount of g	rant or t	ype of assı	stance
(a) Name of interested pers	on		and the org	ganızatıon						
(a) Name of Interested pers	on		and the org	ganızatıon						
(a) Name of interested personal	on		and the org	ganızatıon						
(a) Name of Interested pers	on		and the org	ganization						

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Idelitiilei	Ketuili Kereleike	Explanation

Schedule L (Form 990 or 990-EZ) 2010

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

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

(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction \$	(d) Description of transaction	organi	arıng of zatıon's nues?
	organization			Yes	No
Amy Schultz	Trustee Daughter	191,409	Employee		No
Patrick Nally	Trustee Son	19,155	Employee		No
Crista Ulteig	Officer Daughter	14,682	Employee		No
Jackson Physicians Alliance	JCMR Partnership	1,388,867	Reported amount is for payments by Jackson Community Medical Record (JCMR) to Allegiance Health for leased employees, accounting services, information support and other miscellaneous services provided by the hospital Lynn VanWagnen is an officer of Jackson Physicians Alliance (JPA) (JPA) holds a 49% ownership stake in JCMR Allegiance Health holds a 51% JCMR ownership stake		No
VanWagnen Real Estate LLC	Leasing Services Provider	10,632	Reported amount is for lease payments Allegiance Health makes to VanWagnen Real Estate LLC for medical diagnostic space VanWagnen Real Estate LLC is owned by Trustee Lynn VanWagnen		No
Clark & King Investments LLC	Leasing Services Provider	399,915	Reported amount is for lease payments made by Allegiance Health to Clark & King Investments LLC for a medical office building Ray King an Allegiance Health officer is a partner in Clark & King Investments LLC		No
Jackson Physicians Alliance	JCMR Partnership	2,209,897	Reported amount is for payments by Allegiance Health to Jackson Community Medical Record(JCMR) to lease an electronic medical records license Lynn VanWagnen is an officer of Jackson Physicians Alliance (JPA) (JPA) holds a 49% stake in JCMR Allegiance Health holds a 51% ownership stake		No
Great Lakes Brain & Spine Institute	Medical Services Provider	180,433	Reported amount is for services provided to Allegiance Health patients by Great Lakes Brain & Spine Institute Harish Rawal an Allegiance Health Trustee is an owner of Great Lakes Brain & Spine Institute		No
Mıchıgan Heart	Medical Services Provider	267,716	Reported amount is for payments by Allegiance Health to Michigan Heart for medical director services and clinical reads for cardiac diagnostic tests Mark Zande an Allegiance Health Trustee during part of fiscal year 2011 is a shareholder in Michigan Heart		No
Ambs Call Center	Call Center Services	78,014	Reported amount is for call center/messaging payments Allegiance Health makes to Ambs Call Center Aaron Boatin an Allegiance Health Trustee is an Ambs Call Center Officer		No

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493132025542

OMB No 1545-0047

2010

Open to Public Inspection

SCHEDULE 0 (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.

Name of the organization WA Foote Memorial Hospital

Employer identification number

38-2027689

ldentifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		The Corporation is organized on a membership basis. The sole corporate member of the Corporation is Allegiance Health Services.

ldentifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		The sole Member of the organization may elect and remove, with or without cause, the Corporation's Trustees

ldentifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		The following powers are reserved for the sole corporate Member of the hospital. Approve any change in the Articles of Incorporation, purposes or philosophy of the Corporation, Approve changes in those provisions of the Corporation's Bylaws which affect the size, composition, and method of selection of the Board of Trustees, or which affect this Article, Approve plans of merger, consolidation or dissolution of the Corporation, Elect and remove, with or without cause, the Corporation's Trustees, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present, Approve guarantees by the Corporation of the debt of others in excess of maximum limits established by the Member, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present, Authorize the sale, lease, mortgage or other disposition of all or substantially all of the assets owned, held or leased by or to the Corporation, approve any decision by the Corporation which would have the net effect of diminution of governance control of the Member, and any decision by the Corporation which would have the net effect of diminution in the Corporations governance control over its own subsidiary, and Ratify or reject operating and capital budgets developed by the Board and any non-budgetary expenditures or creations of debt in excess of an amount designated by the Member from time to time, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present. Authorize the formation or acquisition of new subsidiaries of the Corporation or the sale or other disposition of existing subsidiaries.

ldentifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Form 990 is reviewed by the organization's Director of Finance, Chief Executive Officer, Chief Financial Officer, General Counsel, Compliance Officer and its public accounting firm Final copies of the return are distributed to the hospital's Board of Trustees before the return is e-filed

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Iine 12c	The Board Finance Committee has ultimate responsibility over the enforcement of the Hospital's Conflict of Interest Policy When a potential conflict of interest is identified, the Finance Committee is responsible for review of the conflict of interest for compliance with the policy. Also, General Counsel routinely reviews upcoming Board and Committee meeting agendas to assess potential conflict situations. All employees and Trustees of the organization are required to fill out an annual conflict of interest questionnaire. Board Trustees identified as having a conflict of interest are permitted to discuss the potential transaction. They are not allowed to deliberate in the decision or vote on the matter.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Inne 15	The organization performs an annual review and assessment of the compensation of the Chief Executive Officer and each of the executives listed in Part VII of the Form 990. This review includes an independent compensation committee and the engagement of an independent compensation consultant. The Executive Compensation Committee, an independent committee of the Board of Trustees, is responsible for the executive compensation program. This committee performs an annual review of the competitiveness, reasonablenes and effectiveness of all executive cash compensation and benefit programs. The committee also leads the Board in evaluating the performance of the Chief Executive Officer and recommends all aspects of the Chief Executive Officer's compensation. The committee reviews the Chief Executive Officer's recommendations regarding the compensation of all other members of executive leadership. The Executive Compensation Committee engages an independent compensation consulting firm to conduct a comprehensive market analysis of total compensation for executive leadership. This firm uses data representing compensation levels and practices from national not-for-profit healthcare markets as Allegiance typically competes in the the national healthcare marketplace for executive talent National data also provides more comparable information for size and operational characteristics so that comparisons are made to organizations with similiar scope and complexity.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, Iine 19	The organization's governing documents are available to the public upon request and also on the State of Michigan website. Annual operating results are communicated to the public through local media. In addition, Forms 990 and 990-T are available upon request. The Form 990 is also available on Allegiance Health's website and the free website www. guidestar org. The organization's conflict of interest policy is not available to the public.

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A, Line 1a	Allegiance Health Trustees are not paid to serve on the Board Compensation listed for Dr David Halsey, Dr Nitin Ambani, Dr Mohan Kulkarni and Dr Harish Rawal in Part VII of the Form 990 is pay for on call medical services and or medical director fees WA Foote Memorial Hospital dba Allegiance Health Board of Trustees mirrors the Board of the parent organization Allegiance Health Services Many of the Board Members that serve Allegiance Health also serve on the Boards of related tax exempt entities

ldentifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 24,876,094 Transfer to Parent -593,400 Change in Fair Value of Swap 11,407,357 Change in Accounting for Pensions SFAS 158 14,851,768 Total to Form 990, Part XI, Line 5 50,541,819

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DLN: 93493132025542

SCHEDULE R (Form 990)

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.

2010

OMB No 1545-0047

Open to Public Inspection

38-2027689

Department of the Treasury
Internal Revenue Service

Name of the organization
WA Foote Memorial Hospital

Employer identification number

Part I Identification of Disregarded Entities (Complet	e if the organizatio	n ar	nswered "Yes'	on '	Form 990, Pa	rt I	V, 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		
(1) PCN LLC 205 N East Avenue Jackson, MI 49201	Physician rental netwo	Physician rental network		MI		'99	0		WA Foote Memorial Hospital		
Part II Identification of Related Tax-Exempt Organization or more related tax-exempt organizations during the	ations (Complete retax year.)	f the	e organızatıor	ans	swered "Yes"	on	Form 990, Part	IV	, line 34 because	e ıt had	one
(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)(controlled organization	
										Yes	No
See Additional Data Table											
For Privacy Act and Paperwork Reduction Act Notice, see the Instruction	s for Form 990.		Cat No 50	135	Υ				Schedule R (Fo	orm 990)	2010

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)	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?		Disproprtionate		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j Gener mana parti	ral or aging	(k) Percentage ownership
							Yes	No		Yes	No			
(1) Jackson Community Medical Records 205 N East Avenue Jackson, MI49201 37-1502443	Electronic medical records	MI	WA Foote Memorial Hospital	Unrelated	-152,227	1,409,472		No			No	51 000 %		
(2) Foote Health Center Associates 1100 E Michigan Avenue Jackson, MI49201 38-3017711	Medical space condos	MI	WA Foote Memorial Hospital	Related	69,697	1,182,485		No			No	54 430 %		
Part IV Identif	ication of Pelat	ed Ord	anizatione Tay	able as a Cornor	ration or Trust	(Complete if the	organ	.zation	answered "Ves"	on Fo	rm 0	QO Dart IV		

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)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name, address, and EÌN of related organization	Primary activity	Legal domicile (state or foreign country)	Direct controlling entity	Type of entity (C corp, S corp, or trust)	Share of total income	Share of end-of-year assets	Percentage ownership
(1) Physicians Choice Network Inc 205 N East Avenue Jackson, MI49201 38-2594857	Physician rental network	MI	WA Foote Memorial Hospital	С	-8,303	116,243	100 000 %
(2) Viking Health System Inc 205 N East Avenue Jackson, MI49201 38-2756161	Idle healthcare administration corporation	MI	WA Foote Memorial Hospital	С			100 000 %
(3) Cascades Insurance Company LTD 205 N East Avenue Jackson, MI49201 38-2027689	Malpractice insurance captive	CJ	WA Foote Memorial Hospital	С	5,777,277	17,035,060	100 000 %
(4) Cascades Professional Staffing Corporation 205 N East Avenue Jackson, MI49201 38-3370242	Idle staffing corporation	MI	WA Foote Memorial Hospital	С			100 000 %

(6)

1201	τν	ransactions with Related Organizations (Complete in the organization answered Yes	on Form 990, Par	t IV, lilie 34, 35, 3	5A, OF 36.)				
	Note.	Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No		
1 Du	ırıng th	e tax year, did the orgranization engage in any of the following transactions with one or more related organ	ızatıons lısted ın Parts	II-IV?					
а	Receij	ot of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1a	Yes			
b	Gıft, g	rant, or capital contribution to other organization(s)			1b	Yes			
C	Gıft, g	rant, or capital contribution from other organization(s)			1 c	Yes			
d	d Loans or loan guarantees to or for other organization(s)								
e	Loans	or loan guarantees by other organization(s)			1e		No		
f	Sale o	fassets to other organization(s)			1f		No		
g Purchase of assets from other organization(s)									
h	Excha	nge of assets			1h		No		
i	Lease	of facilities, equipment, or other assets to other organization(s)			11		No		
j	Lease	of facilities, equipment, or other assets from other organization(s)			<u>1j</u>	Yes			
k	Perfor	mance of services or membership or fundraising solicitations for other organization(s)			1k	Yes			
I	Perforr	nance of services or membership or fundraising solicitations by other organization(s)			11	Yes			
m	m Sharing of facilities, equipment, mailing lists, or other assets								
n	n Sharing of paid employees								
o	Reımb	ursement paid to other organization for expenses			10		No		
р	Reımb	ursement paid by other organization for expenses			1р	Yes			
q	Other	transfer of cash or property to other organization(s)			1 q	Yes			
r	Other	transfer of cash or property from other organization(s)			1r		No		
2	If the a	enswer to any of the above is "Yes," see the instructions for information on who must complete this line, in	cluding covered relation	onships and transact	ion thresholds				
		(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determi involve		ount		
(1)			,, ,						
See Ad	ditional I	Data Table							
(2)									
(3)									
(4)									
(5)									
			I		1				

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 parti sect 501(d organiz	ners ion :)(3) :ations?	(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	h) eral or laging tner?
			Yes	No		Yes	No		Yes	No
									+	-
							\vdash		+	╁
									-	-
									+	-
										t
										1

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule R (Form 990) 2010

Software ID: **Software Version:**

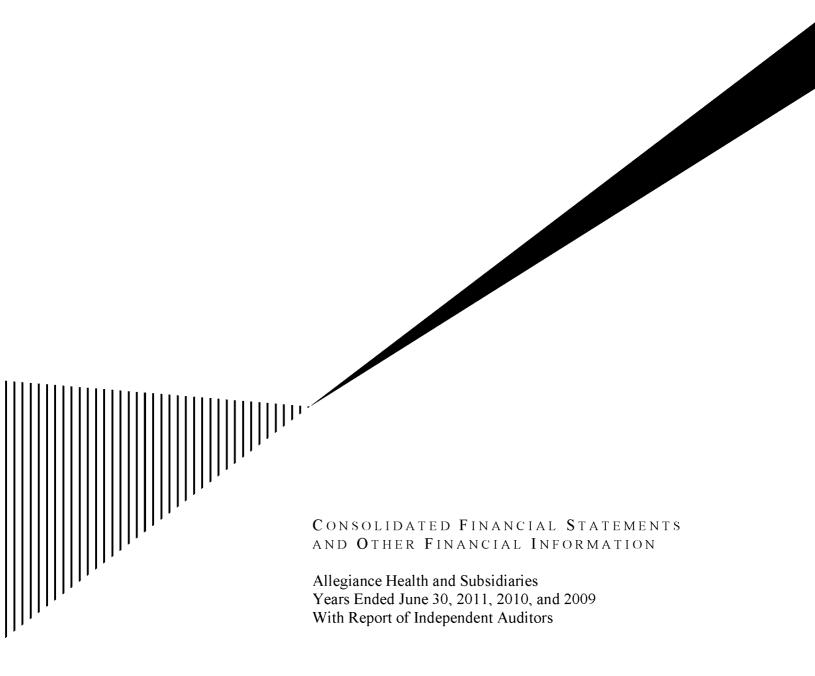
EIN: 38-2027689

Name: WA Foote Memorial Hospital

Form 990, Schedule R, Part II - Identification of Rela	ated Tax-Exempt Or	ganizations					
(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 (3))		(f) Direct controlling entity	Sectio (b)(i contr organiz	n 512 13) folled zation
Allegiance Health Services						Yes	No
205 N East Avenue Jackson, MI49201 38-2756428	Exempt Health System	MI	501(c)(3)	Line 11b, II	N/A		No
Allegiance Health Foundation 205 N East Avenue Jackson, MI49201 38-3607833	Supports Allegiance Health	MI	501(c)(3)	Line 11a, I	Allegiance Health Services	Yes	
Hospice of Jackson dba Allegiance Hospice 205 N East Avenue Jackson, MI49201 38-2336367	Hospice care	MI	501(c)(3)	Line 7	Healthlink	Yes	
The Hospice of Jackson Endowment Fund One Jackson Square Jackson, MI49201 38-3422146	Supports Allegiance Hospice	MI	501(c)(3)	Line 11c, III-FI	Allegiance Hospice	Yes	
Healthlink 205 N East Avenue Jackson, MI49201 38-2756425	Home health care	MI	501(c)(3)	Line 11a, I	Allegiance Health Services	Yes	
Physicians Health Plan of South Michigan One Jackson Square Jackson, MI49201 38-3311905	Exempt HMO	MI	501(c)(4)		Allegiance Health Services	Yes	
Michigan Imaging Services 205 N East Avenue Jackson, MI49201 38-2895225	Medical imaging	MI	501(c)(3)	Line 11a, I	Allegiance Health Services	Yes	
South Central Practice Association 205 N East Avenue Jackson, MI49201 38-3309805	Idle organization	MI	501(c)(3)	Line 11a, I	Allegiance Health Services	Yes	
CareLink of Jackson 110 North Elm Avenue Jackson, MI49202 38-1218485	Long Term Acute Care Hospital	MI	501(c)(3)	Line 3	Allegiance Health Services	Yes	
Allegiance Health Volunteers 205 N East Avenue Jackson, MI49201 38-6082835	Exempt Association	MI	501(c)(3)	Line 11d, III-O	Allegiance Health Services	Yes	

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) A mount Involved (\$)	(d) Method of determining amount involved
(1)	Foote Health Center Associates	D	2,024,000	FMV
(2)	Foote Health Center Associates	А	125,000	FMV
(3)	Allegiance Health Services	Q	593,400	FMV
(4)	Hospice of Jackson dba Allegiance Hospice	К	848,555	FMV
(5)	Hospice of Jackson dba Allegiance Hospice	N	955,106	FMV
(6)	Hospice of Jackson dba Allegiance Hospice	А	402,553	FMV
(7)	Cascades Insurance Company LTD	А	3,774,316	FMV
(8)	Cascades Insurance Company LTD	L	3,066,252	FMV
(9)	Jackson Community Medical Records	А	38,529	FMV
(10)	Jackson Community Medical Records	N	1,388,867	FMV
(11)	Jackson Community Medical Records	J	2,209,897	FMV
(12)	Jackson Community Medical Records	D	1,312,060	FMV
(13)	Allegiance Health Foundation	С	834,666	FMV
(14)	Healthlink	К	776,537	FMV
(15)	CareLink of Jackson	К	4,470,000	FMV
(16)	CareLink of Jackson	J	287,743	3 FMV



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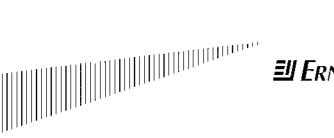


Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011, 2010, and 2009

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Report of Independent Auditors

The Board of Trustees
W A Foote Memorial Hospital
d/b/a Allegiance Health

We have audited the accompanying consolidated balance sheets of W A Foote Memorial Hospital d/b/a Allegiance Health and Subsidiaries (the Hospital) as of June 30, 2011, 2010, and 2009, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of W A Foote Memorial Hospital d/b/a Allegiance Health and Subsidiaries at June 30, 2011, 2010, and 2009, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States

October 10, 2011

1104-1247751

Ernst + Young LLP

Consolidated Balance Sheets

	2011	June 30 2010	2009
Assets	2011	2010	2007
Current assets			
Cash and cash equivalents	\$ 20,200,649	\$ 30,082,327	\$ 26,311,869
Accounts receivable, less allowance for uncollectible accounts of \$20,287,000 in 2011, \$18,274,000 in 2010, and			
\$13.351.000 in 2009	44,053,541	44,196,341	41,564,375
Amounts due from third-party payors	3,484,273	3,330,142	_
Due from affiliates and other receivables	5,061,448	3,272,724	6,866,070
Inventories	6,525,464	6,393,449	5.822.720
Prepaid expenses and other current assets	6,917,636	6,097,369	4,218,132
Total current assets	86,243,011	93,372,352	84,783,166
Assets whose use is limited Board-appropriated investments Funded depreciation	205,491,485	151,548,029	127,201,191
Funds held as collateral for interest rate swaps		4,993,478	3,095,519
Funds held by trustee	9,623,161	8,701,332	17,185,873
Cash and investments related to	, ,		
professional liability insurance	14,983,770	13,093,703	12,722,462
Donor-restricted funds	, , , <u> </u>	_	537,591
Total assets whose use is limited	230,098,416	178,336,542	160,742,636
Properties			
Land	9,630,527	9,630,527	9,630,527
Buildings and improvements	189,527,738	183,585,549	170,863,968
Equipment	136,816,385	142,509,672	142,835,572
Construction-in-progress	2,770,440	1.917.351	11.861.618
Allowances for depreciation	(175,333,522)	(171,492,462)	(162,059,686)
Other assets	163,411,568	166,150,637	173,131,999
Loans receivable	_	2,035,406	2,172,776
Unamortized financing costs	2,675,170	1,927,840	2,091,917
Other assets	1,510,389	1,274,280	610,471
Other investments	2,569,881	3.026.614	2.264.154
Total other assets	6,755,440	8,264,140	7,139,318
Total assets	\$ 486,508,435	\$ 446,123,671	\$ 425,797,119

	June 30							
		2011		2010		2009		
Liabilities and net assets								
Current liabilities								
Accounts payable and other current								
liabilities	\$	31,123,247	\$	25,167,967	\$	21,690,113		
Compensation, amounts withheld,								
and payroll taxes		17,462,913		20,731,842		17.279.230		
Short-term debt		2,342,889		2,842,889		2,842,889		
Settlements payable to third-party payors		_		_		682,843		
Accrued interest payable		630,106		349,243		232,901		
Current portion of long-term debt		3,908,641		3,381,034		3,233,726		
Total current liabilities		55,467,796		52,472,975		45,961,702		
Noncurrent liabilities								
Amounts related to professional								
liability insurance		11,085,155		10,650,515		10,588,202		
Retirement plan liability		31,702,583		46,568,971		43,381,440		
Other liabilities		16,681,690		25,939,388		18.842.004		
Long-term debt, less current portion		169,609,992		156,453,966		159,831,274		
Total noncurrent liabilities		229,079,420		239,612,840		232,642,920		
Total liabilities		284,547,216		292,085,815		278,604,622		
Net assets								
Unrestricted		201,961,219		154,037,856		146,654,906		
Temporarily restricted		_		_		537.591		
		201,961,219		154,037,856		147.192.497		

Total liabilities and net assets **\$ 486,508,435 \$** 446,123,671 **\$** 425,797,119

See accompanying notes

Consolidated Statements of Operations and Changes in Net Assets

	2011	Year Ende		2009
Unrestricted revenue, gains, and other support	 2011	201	10	2009
Net patient service revenue	\$ 419,628,087	\$ 39	4.208.747 \$	354,732,469
Less provision for bad debts	 31,734,583	3	8,747,584	32,697,432
Net patient service revenue after provision for bad debts	 387,893,504	35	5,461,163	322,035,037
Other revenues	10,359,757	1	0.144.464	8.922.637
Insurance revenue	1,064,093		1.565.026	2.708.664
Net assets released from restrictions – operations	 _		72,242	836,215
Total unrestricted revenue, gains, and other support	399,317,354	36	7.242.895	334,502,553
Expenses				
Routine nuising salaries	37,040,252	31	9,134,535	38,910,705
Other patient care salaries	97,253,511	8	9.711.755	81,208,962
General and administrative services salaries	35,169,005	3	2,665,990	30,328,139
Professional and purchased services	39,275,538	3	2,229,260	28,527,813
Supplies and other costs	99,480,153	9	0.464.382	83,155,175
Fringe benefits	36,523,002	3	6,054,306	28,477,538
Utilities	4,440,634		4,034,438	4.249,546
Depreciation	24,883,508	2	3,762,547	21,595,445
Insurance	6,763,406		4,114,951	7,623,991
Interest	7,229,713		6,872,367	6,337,462
Amortization	355,176		224,078	197.281
Miscellaneous	 3,472,332		2,803,281	2,432,703
Total operating expenses	 391,886,230	36	2.071.890	333.044.760
Operating income	7,431,124		5.171.005	1,457,793
Nonoperating revenue and expenses				
Investment income (loss)	5,693,617	!	6.481.894	(20,760,943)
Net unrealized appreciation (depreciation)				
in fair value of investments	25,354,286		7.386,163	(9.139.067)
Change in fair value of interest rate swaps	11,407,357	(6.138.288)	(8.250.624)
Loss from termination of interest rate swap	(12,441,000)		-	=
Miscellaneous nonoperating expenses	(279,294)		(113.683)	(904,814)
Health Improvement Organization	(740,916)		(391,562)	(492,424)
Community Projects Fund	(1,231,916)	(1,142,877)	(1,063,527)
Loss from bond transactions	 (1,982,992)		_	(961,257)
Revenue, gains, and other support greater than				
(less than) expenses	33,210,266	1	1.252.652	(40,114,863)
Other changes in unrestricted net assets			2722	
Net assets released from restrictions – capital	564,579		37,352	118.912
Pension liability adjustments	14,851,768	(.	3,325,592)	(26,245,319)
Transfers (to) from parent and affiliates, net	 (703,250)		(581,462)	4,027,675
Increase (decrease) in unrestricted net assets	47,923,363		7,382,950	(62,213,595)
Temporarily restricted net assets	.			
Contributions	564,579		100,275	160,421
Transfer to affiliate	_		(523,809)	_
Net assets released from restrictions	 (564,579)		(114.057)	(1,039,606)
Decrease in temporarily restricted net assets	 		(537,591)	(879,185)
Increase (decrease) in net assets	47,923,363		6,845,359	(63,092,780)
Net assets at beginning of year	 154,037,856		7.192.497	210,285,277
Net assets at end of year	 201,961,219	\$ 15	4,037,856 \$	147,192,497

See accompanying notes

Consolidated Statements of Cash Flows

		r Ended June 30		
Occasion and Maria	2011		2010	2009
Operating activities	s 47,032,27		(0.15.250 ¢	(62,002,790)
Increase (decrease) in net assets	\$ 47,923,36	8 \$	6.845.359 \$	(63,092,780)
Adjustments to reconcile increase (decrease) in net assets				
to net cash provided by operating activities	21.002.50		22 762 517	21 505 115
Depreciation expense	24,883,50		23,762,547	21.595,445
Amortization expense	355,17		224.078	197.281
Amortization of bond premium	(124,40)	-	2 225 502	26.245.210
Pension liability adjustments	(14,851,768		3.325.592	26.245.319
Transfers to (from) parent and affiliates	703,25		581.462	(4.027.675)
Loss from bond transactions	1,982,993		- - (120.200	961.257
Change in fair value of interest rate swaps	(11,407,35)	()	6.138.288	8,250,624
Net unrealized (appreciation) depreciation	(25.254.20		(7.206.162)	0.130.067
in fair value of investments	(25,354,28		(7.386.163)	9.139.067
Provision for bad debts	31,734,58		38.747.584	32.697.432
Loss on sale of property and equipment	9,69	,	70.815	17.668
(Increase) decrease in each and investments related	(1.000.07	7.	(271.211)	1 550 000
to professional liability insurance	(1,890,06	()	(371.241)	1,558,890
(Increase) decrease in Accounts receivable	(31,591,78	8)	(41,379,550)	(22,050,239)
Amounts due from third-party payors	(154,13		(4.012.985)	1.371.427
Inventories	(132,01		(570,729)	(238,390)
Other assets	(5,773,81		1.050.300	(3,739,377)
Donor-restricted funds	(2,7,2,02	_	537.591	879,185
Increase (decrease) in				
Accounts payable and other current liabilities	5,955,28)	3,477,854	(5,238,784)
Compensation, amounts withheld, and payroll taxes	(3,268,92		3,452,612	1.193.596
Amounts related to professional liability insurance	434,64		62,313	1,825,478
Other habilities	2,415,90		937,377	1.539,713
Net cash provided by operating activities	21,849,82		35,493,104	9.085.137
Investing activities				
Property and equipment additions, net	(22,922,35	3)	(16,950,404)	(36,511,625)
Proceeds from sale of property and equipment	768,229		98,404	236,584
(Increase) decrease in funds held by trustee	(921,82		8,484,541	36,873,026
Transfers (from) to parent and affiliates	(703,25		(581,462)	4,027,675
(Increase) decrease in funded depreciation	(20,114,17		(16.960.675)	29,955,591
Decrease (increase) in funds held as collateral for interest rate swaps	4,993,47	•	(1.897.959)	(3,095,519)
Decrease in loans receivable	2,035,40		137,370	168,538
Decrease (increase) in other investments	299,95		(822,461)	(218,225)
Net eash (used in) provided by investing activities	(36,564,54))	(28.492.646)	31,436,045
Financing activities				
Proceeds from issuance of long-term debt	119,348,03	5	_	_
Repayment of long-term debt	(114,015,00		(3,230,000)	(34,050,000)
Proceeds from short-term borrowings	(1,01,00	-	_	816,000
Repayment of short-term borrowings	(500,00))	_	_
Net cash provided by (used in) financing activities	4,833,03		(3.230,000)	(33,234,000)
(Decrease) Increase in eash and eash equivalents	(9,881,67	57	3,770,458	7,287,182
Cash and eash equivalents at beginning of year	30,082,32	•	26.311.869	19.024.687
Cash and eash equivalents at obeginning of year Cash and eash equivalents at end of year				
Cash and cash equivalents at end of year	\$ 20,200,64	, D	30,082,327 \$	26,311,869

See accompanying notes

1104-1247751

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Notes to Consolidated Financial Statements

June 30, 2011

1. Basis of Organization and Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of W A Foote Memorial Hospital d/b/a Allegiance Health (the Hospital), Cascades Insurance Company, Ltd (Cascades), Jackson Community Medical Record, LLC (JCMR), Physicians Choice Network, LLC (PCN, LLC), Physicians Choice Network Inc (PCN Inc), and Foote Health Center Associates (FHCA) The Hospital is a not-for-profit hospital located in Jackson, Michigan, providing health care services primarily to residents of the region All significant intercompany accounts have been eliminated in consolidation

In 1987, the members of the Hospital formed Foote Health System (the System), the Hospital's parent corporation, to support the activities of the Hospital and related organizations by conducting activities to raise funds to further the purpose of each organization In 2008, the System's name was changed to Allegiance Health Services

Cascades is a wholly owned offshore captive insurance company that provides professional liability coverage for the Hospital and physicians

The Hospital is a 51% member of JCMR, which was formed to establish an electronic health record that could be implemented throughout the community to improve the quality of patient care JCMR manages the installation and support of software for health care providers throughout Jackson JCMR is consolidated in the financial statements as a result of the outstanding debt of JCMR being guaranteed by the Hospital

PCN Inc was a health delivery network of care providers operating in the Jackson area During 2011, PCN Inc was merged into the Hospital Subsequent to this merger, the Hospital formed PCN, LLC to assume the network activities previously handled by PCN Inc These entities are included in the accompanying consolidated financial statements as wholly owned subsidiaries of the Hospital

The Hospital holds a 54 43% partnership interest in FHCA FHCA owns and leases a medical office building to physician practices and the Hospital FHCA is included in the consolidated financial statements

Certain trustees of the Hospital are considered to be related parties by virtue of their normal business relationships and their association with the System

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The accounting principles followed by the Hospital and its subsidiaries and the methods of applying those principles, which materially affect the determination of consolidated financial position, results of operations, and cash flows, are summarized as follows

Cash and Cash Equivalents

The Hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Assets whose use is limited by board designation or other arrangements under trust agreements are excluded from cash and cash equivalents in the consolidated statements of cash flows

Accounts Receivable and Net Patient Service Revenue

Net patient service revenue is reported at the net realizable amount from patients and third-party payors for services rendered, including estimated retroactive adjustments under agreements with third-party payors Estimated settlements are recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined

During the years ended June 30, 2011, 2010, and 2009, the Hospital received approximately 70%, 67%, and 70%, respectively, of its net revenue from Medicare and Medicaid programs and from contractual arrangements with Blue Cross and Blue Shield of Michigan A significant portion of the payment for patient care is determined prospectively at fixed price provisions for each diagnosis, and only certain specific expenses are reimbursed at actual cost Amounts received under these programs are generally less than the established billings of the Hospital with the differences accounted for as contractual adjustments Revenue received under these third-party agreements is subject to examination and retroactive adjustments Accordingly, the Hospital has determined that there is a reasonable possibility that estimated third-party balances may change in the near term by a material amount Management believes reasonable provisions have been made in the consolidated financial statements for anticipated adjustments Prior year settlements recognized in 2011 and 2010 increased net patient service revenue after provision for bad debts by \$288,000 and \$1,409,000, respectively There was no effect on net patient service revenue from prior year settlements in 2009

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its historical experience and identifies trends for each of its major payor sources to estimate the appropriate allowance for uncollectible accounts and the provision for bad debts Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for uncollectible accounts For receivables associated with services provided to patients who have third-party health care coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and provision for bad debts. For receivables associated with self-pay accounts (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts. The provision for bad debts has been reported as a deduction from net patient service revenue

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. In the normal course of business, the Hospital has received requests for information from governmental agencies covering services provided. Management intends to fully cooperate with the governmental agencies in its request for information and believes that adequate provision has been made for any adjustments that may result from settlements.

Inventories

Inventories are stated using the weighted-average cost basis

Investments

Investments in mutual and commingled funds, equity securities, and debt securities are measured at fair value in the consolidated balance sheets Fair values are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities Donated items are stated at fair value at the date of contribution

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The Hospital has designated its entire investment portfolio as trading, with unrealized appreciation (depreciation) in fair value of investments included in nonoperating revenue and expenses Investment income (loss), including realized gains and losses on investments, interest, and dividends, is also reported as nonoperating revenue and expenses unless the income is restricted by donor or by law The cost of substantially all securities sold is based on the average cost method

Board-Appropriated Investments

Unrestricted resources are appropriated by the Hospital Board of Trustees for funding depreciation, liability insurance, and other special purposes Such resources originate from previously accumulated income and certain unrestricted gifts

Properties

Properties are stated at cost Provisions for depreciation, based on the economic lives of the properties ranging from 3 to 40 years, are computed using the straight-line method. The cost to complete construction-in-progress at June 30, 2011, is estimated to be \$4,717,000.

Amortization of Financing Costs and Bond Premium

Bond issue costs are deferred and amortized using the effective interest method over the terms of the related bonds. Bond premiums are amortized as a reduction of interest expense using the effective interest method over the terms of the related bonds.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors for a specific purpose, such as capital additions or research. When a donor restriction expires, such as through expenditure for the restricted purpose, temporarily restricted net assets are reclassified as net assets released from restrictions – operations and are included in unrestricted revenue, gains, and other support, whereas net assets released from restrictions for long-lived assets are reported as an increase in unrestricted net assets

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Revenue

Revenue includes those amounts generated from direct patient care and sundry revenue related to the operation of the Hospital's facilities, realized gains and losses, interest income on Boardappropriated investments, and unrestricted donations

Charity Care and Community Benefit

The Hospital devotes substantial efforts and resources to providing health services to people in its communities who need care but cannot afford it Consistent with the mission of the Hospital, the Hospital collaborates with other parties to ensure health care as a societal right

The Hospital provides services to various individuals without payment or at rates substantially less than standard Hospital charges. Traditional charity care covers services provided to persons who cannot afford to pay for health care because of inadequate resources and/or who are uninsured or underinsured. If the Hospital determines that a patient qualifies for charity care under the Hospital's uncompensated care policy, then a charge for charity care is recorded equal to the amount of charges recorded. This amount is deducted from total revenue in arriving at net patient service revenue.

The Hospital measures the cost of providing charity care based on the direct and indirect costs of services using the ratio of the Hospital's global cost to gross charges. The cost of charity care based on the direct and indirect cost of providing services to patients qualifying under the Hospital's uncompensated care policy was \$11,707,000, \$6,379,000 and \$6,509,000 for the years ended June 30, 2011, 2010 and 2009, respectively

Community Projects includes the cost of services for which a patient is not billed or for which a nominal fee has been assessed. These services are not expected to be financially self-supporting. Community Projects include health and immunization fairs, childbirth preparation education, youth safety programs, substance abuse programs, smoking cessation programs, elderly meal programs, bereavement counseling, respite services, cancer screening, pulmonary rehabilitation programs, asthma clinics, school wellness programs, parish nursing programs, primary care clinics providing services to the indigent, programs directed at improving women's health, free or low-cost medications, and outreach programs. The Hospital actively collaborates with several community groups and agencies to assist those in need in providing such services.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Health Improvement Organization expenditures include the cost of services of programs for which a patient is not billed or for which a nominal fee has been assessed. These services are not expected to be financially self-supporting. Health Improvement Organization expenditures are used to support a community-based health improvement initiative with a goal to improve the community's overall health status and to reduce health care costs. Programs focus on workplace wellness, youth, adults, seniors, chronic disease, and the uninsured

Advertising Expense

The Hospital expenses advertising and marketing costs as incurred The Hospital expensed approximately \$1,687,000, \$1,618,000, and \$1,167,000 in advertising and marketing costs for the years ended June 30, 2011, 2010, and 2009, respectively

Income Taxes

The Internal Revenue Service has determined that the Hospital is qualified under Section 501(c) (3) of the Internal Revenue Code and is, therefore, not generally subject to income tax

Cascades operates as a for-profit foreign insurance company and is not subject to United States income tax. There is presently no taxation imposed on income by the Government of the Cayman Islands.

JCMR is a limited liability company, which is a flow-through entity not subject to federal income tax at the entity level

PCN, LLC is a Michigan limited liability company that reports its operating income or loss as a branch of the Hospital for inclusion in computation of federal and state income taxes that may apply to a fiscal year

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes Actual results could differ from those estimates

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS 160 codified in Accounting Standards Codification (ASC) 810, Consolidation), which requires enhanced reporting of the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent SFAS 160 is effective for fiscal years beginning on or after December 15, 2009 The Hospital adopted this guidance for the year ended June 30, 2011 There was no material effect on the consolidated financial statements as a result of adopting the standard

ASC 2010-23, Measuring Charity Care for Disclosure, was issued in August 2010 and specifies that cost basis rather than revenue measurement be used for disclosure of a health care entity's charity care effective for fiscal years beginning after December 15, 2010 Disclosure of the method used to identify the costs is also required The Hospital has elected to early adopt this disclosure requirement in 2011 and has applied it retrospectively to prior periods presented

ASC 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities, was issued in July 2011 and requires reclassification of the provision for bad debts associated with patient services revenue from an operating expense to a deduction from net patient service revenue effective for fiscal years beginning after December 15, 2011 Enhanced disclosures about policies for recognizing revenue, assessing bad debts, and presenting qualitative and quantitative information about changes in allowance for doubtful accounts is also required. The Hospital has elected to early adopt this disclosure in 2011 and to retrospectively reclassify the provision for bad debts in the statements of operations for all prior periods presented

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

In April 2009, the FASB issued SFAS 164, *Not-for-Profit Entities: Mergers and Acquisition* (SFAS 164 codified in ASC 954-805, *Business Combinations*), which provides enhanced specifications of accounting and financial disclosures for mergers or acquisitions by not-for-profit entities. In addition, Accounting Standards Update (ASU) 2010-7 included amendments to FASB ASC 350, *Intangibles – Goodwill and Other*, and ASC 810 to make both applicable to not-for-profit entities. ASC 350 clarifies the accounting for goodwill and indefinite lived intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC 810 clarifies the accounting for noncontrolling interest and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. SFAS 164 is effective for mergers or acquisitions to the extent that they may occur for years ending after June 30, 2010. The Hospital adopted this guidance for the year end June 30, 2011, and there was no material effect on the consolidated financial statements.

New Accounting Pronouncement

The FASB also issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which applies to professional liability claims and similar contingent liabilities ASU 2010-24 requires that claims liabilities not be reported net of expected recoveries in the consolidated balance sheets ASU 2010-24 is effective for fiscal years beginning after December 15, 2010 The Hospital has not completed its review of the pronouncement, however, management does not expect the consolidated balance sheet amounts to be materially affected

Reclassification

Certain 2010 and 2009 amounts were reclassified to conform to the 2011 consolidated financial statement presentation

Notes to Consolidated Financial Statements (continued)

2. Investments

Investment returns are summarized as follows

	Year Ended June 30								
		2011		2010		2009			
Interest and dividends Net realized gains Change in net unrealized gains	\$	5,121,869 954,593 25,354,286	\$	3,487,153 3,188,033 7,386,163	\$	4,861,430 (25,160,984) (9,139,067)			
Total investment return	\$	31,430,748	\$	14,061,349	\$	(29,438,621)			
Included in operating revenue Included in nonoperating revenue and	\$	382,845	\$	193,292	\$	461,389			
expenses		31,047,903		13,868,057		(29,900,010)			
Total investment return	\$	31,430,748	\$	14,061,349	\$	(29,438,621)			

Investments are comprised of the following amounts

			June 30	
		2011	2010	2009
Board-appropriated investments and				_
funds held by trustee				
Cash, cash equivalents, and				
repurchase agreements	\$	9,937,799	\$ 15,550,189	\$ 28,183,732
Mutual funds – equities		114,842,765	77,612,321	_
Mutual funds – fixed income		51,458,832	39,022,301	_
Common/collective trust		38,797,872	32,952,234	_
U S government securities		66,626	92,018	21,619,021
Corporate obligations		_	_	23,713,299
Equity securities		10,752	13,776	73,966,531
	\$	215,114,646	\$ 165,242,839	\$ 147,482,583
Funds related to professional liability				
insurance				
Mutual funds – equities	\$	3,569,781	\$ 3,797,832	\$ 3,359,559
U S government securities		9,465,953	7,281,610	7,920,463
Corporate obligations		1,948,036	2,014,261	1,442,440
-	\$	14,983,770	\$ 13,093,703	\$ 12,722,462
	_			

Notes to Consolidated Financial Statements (continued)

2. Investments (continued)

Cash and cash equivalents at June 30, 2009, included a repurchase agreement with a value of \$9,400,000 The repurchase agreement had a contractual value for the investment principal and interest that was fully secured by a pledge of U S government securities. The repurchase agreement was redeemed in fiscal 2010

3. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments Investments are recorded at fair value At June 30, 2011, the carrying value and fair value of the Hospital's long-term debt, as estimated by discounted cash flow analyses using the current borrowing rate for similar types of borrowing arrangements and adjusted for credit, was \$173,519,000 and \$168,197,000, respectively The fair value of the Hospital's long-term debt approximated carrying value at June 30, 2010 and 2009 Other financial instruments reported as noncurrent assets and liabilities have carrying values that approximate fair value

ASC 820, Fair Value Measurements and Disclosures, emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy)

The Hospital follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values Level inputs are defined as follows

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange-traded equity securities, futures, real estate investment trusts, pooled short-term investment funds, and exchange-traded mutual funds

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including income government obligations, asset-backed securities, and certificates of deposit

Level 3 – Inputs that are unobservable for the asset or liability Investments classified in this level generally include alternative investments, limited partnerships, and certain fixed income securities, including fixed income government obligations

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

As of June 30, 2011, 2010, and 2009, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs

Cash and cash equivalents – Short-term investments designated as Level 2 investments are primarily comprised of commercial paper, whose fair value is based on amortized cost Significant unobservable inputs include security cost, maturity, and credit rating

United States government securities – The fair value of investments in U S government, state, and municipal securities is primarily determined using techniques consistent with the income approach Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

Corporate obligations – The fair value of investments in U S corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as redemption options

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

Common/collective trust – The fair value of investments in common/collective trusts is primarily determined using the calculated net asset value. The values for underlying investments are determine based on amortized cost, which approximates market value, or based on quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U S dollars

Derivatives – The fair value of derivative contracts is primarily determined using techniques consistent with the market approach Derivative contracts include interest rate swaps Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates

The types of instruments valued based on quoted prices that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most municipal and provincial obligations, investment-grade and high-yield corporate bonds, and mortgage securities Such instruments are generally classified within Level 2 of the fair market hierarchy

The following tables summarize the Hospital's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011, 2010, and 2009 aggregated by the level in the fair value hierarchy noted below

			Fair Value Measurement at June 30, 2011 Using						
		Fair Value	Ac fo	oted Prices in tive Markets or Identical Assets and Liabilities (Level 1)	;	Significant Other Observable Inputs (Level 2)		Significant nobservable Inputs (Level 3)	
Assets									
Cash and cash equivalents	\$	9,937,799	\$	9,870,476	\$	2,277	\$	65,046	
Mutual funds – equities		118,412,546		118,412,546		_		_	
Mutual funds – fixed income		51,458,832		51,458,832		_		_	
Common/collective trust		38,797,872		_		38,797,872		_	
U S government securities		9,532,579		_		9,532,579		_	
Corporate obligations		1,948,036		_		1,948,036		_	
Equity securities		10,752		10,752		_		_	
Total investments	\$	230,098,416	\$	179,752,606	\$	50,280,764	\$	65,046	
Liabilities									
	£P	10 222 207	£		¢.	10 222 207	£P.		
Derivative instruments	<u> </u>	10,332,386	<u>\$</u>		\$	10,332,386	\$		

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

				air Value Mea		ement at Jun	e 30,	, 2010 Using
	_	Fair Value	À(oted Prices in ctive Markets or Identical Assets and Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)	Ur	Significant nobservable Inputs (Level 3)
Assets								
Cash and cash equivalents	\$	15,550,188	\$	13,942,125	\$	2,277	\$	1,605,786
Mutual funds – equities		81,410,154		81,410,154		_		_
Mutual funds – fixed income		39,022,301		39,022,301		_		_
Common/collective trust		32,952,234		_		32,952,234		_
U S government securities		7,373,628		_		7,373,628		_
Corporate obligations		2,014,261				2,014,261		_
Equity securities	_	13,776		13,776				
Total investments	\$	178,336,542	\$	134,388,356	\$	42,342,400	\$	1,605,786
Liabilities Derivative instruments	<u>\$</u>	21,739,742	\$ 	air Value Mea	\$ sur	21,739,742 rement at Jun	\$ e 30,	
			Qu	oted Prices in				
				tive Markets		Significant		
				or Identical		Other		Significant
				Assets and	(Observable –	Ur	iobservable
		Esta Malasa		Liabilities		Inputs		Inputs
Assots	_	Fair Value		(Level 1)		(Level 2)		(Level 3)
Assets Cash and cash equivalents	9	28,183,732	\$	9,499,884	\$	9,381,414	\$	9,302,434
Equity securities	4	77,326,090	Ψ	77,326,090	Ψ	7,361,414	Ψ	7,302,737
U S government securities		29,539,484		12,219,374		17,320,110		_
Corporate obligations		25,155,739		-		25,155,739		_
Total investments	-	6 160,205,045	\$	99,045,348	\$	51,857,263	\$	9,302,434
	_							
Liabilities								
Derivative instruments	9	5 15,601,454	\$	_	\$	15,601,454	\$	_

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

The following table summarizes the transaction activity for Level 3 assets for the years ended June 30, 2011, 2010, and 2009

	Year Ended June 30								
	2011	2010	2009						
Beginning balance	\$ 1,605,786	\$ 9,302,434	\$ 4,017,044						
Transfers in	_	_	415,319						
Realized losses	_	_	(406,315)						
Change in unrealized gain	_	_	28,527						
Acquisitions	20,436,758	24,973,640	62,213,280						
Dispositions	(21,977,498)	(32,670,288)	(56,965,421)						
Balance at end of year	\$ 65,046	\$ 1,605,786	\$ 9,302,434						

The Hospital's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents, mutual and commingled investment funds, investment securities, derivative financial instruments, and accounts receivable. The Hospital's short-term investments are placed with a wide array of financial institutions with high credit ratings. A diversified investment policy limits exposure to credit risk and concentrations of credit risk. Similar standards of creditworthiness are applied to the counterparties in derivative instruments.

ASC 820 permits companies to choose to measure certain financial instruments and other items at fair value that are not currently required to be measured at fair value. As of June 30, 2011, the Hospital has determined that there are no additional assets or liabilities that it should elect to measure at fair value.

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt

Debt, plus unamortized premium, consists of the following obligations

County of Jackson Hospital Finance Authority Variable Rate Hospital Revenue Refunding Bonds Series 2011A – bearing interest at 0 19% as of June 30, 2011 S 36,500 \$ \$ \$ \$			2011	June 30 2010		2009
Variable Rate Hospital Revenue Refunding Bonds Series 2011A – bearing interest at 0 19% as of June 30, 2011 County of Jackson Hospital Finance Authority Variable Rate Hospital Revenue Refunding Bonds Series 2011B – bearing interest at 1 124% as of June 30, 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2010A serial bonds bearing fixed interest rates between 2 00% and 5 30% as of June 30, 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006B-2 serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand 2006B bonds of same series through come rision in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006C serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand Bonds of same series through come rision in 2011 County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Series 2006A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A — refunded in 2011 County of Jackson Hospital Finance Authority Hospital R			(I	Dollars in Thousa	nds)	
County of Jackson Hospital Finance Authority Vanable Rate Hospital Revenue Refunding Bonds Series 2011B – bearing interest at 1 124% as of June 30, 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2010A serial bonds bearing fived interest rates between 2 00% and 5 30% as of June 30, 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006B-2 serial bonds bearing fived interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand 2006B bonds of same series through come rision in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006C serial bonds bearing fived interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand Bonds of same series through comersion in 2011 County of Jackson Hospital Finance Authority Variable Rate Demand Bonds of same series through comersion in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Levenue Bonds Series 2007A – refunded in 2011 Tounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Levenue Refunding Bonds Series 2007A – refunded in 2011 Levenue Refunding Bonds Series 2007A –	Variable Rate Hospital Revenue Refunding Bonds Series 2011A – bearing interest at 0 19% as of		·			
County of Jackson Hospital Finance Authority Hospital Rev enue Refunding Bonds Series 2010A serial bonds bearing fixed interest rates between 2 00% and 5 30% as of June 30, 2011 County of Jackson Hospital Finance Authority Hospital Rev enue Refunding Bonds Series 2006B-2 serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand 2006B bonds of same series through comersion in 2011 County of Jackson Hospital Finance Authority Hospital Rev enue Refunding Bonds Series 2006C serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand Bonds of same series through comersion in 2011 County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Series 2006A - refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A - refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A - refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A - refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A - refunded in 2011 - 23,370 26,080 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A - refunded in 2011 - 12,200 12,425 Unamortized bond premium, less accumulated amortization of \$124,000 2,194	County of Jackson Hospital Finance Authority Variable Rate Hospital Revenue Refunding Bonds Series 2011B – bearing interest at 1 124% as of	5		5 –	\$	_
County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006B-2 serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand 2006B bonds of same series through come ersion in 2011 8,845 38,865 38,960	County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2010A serial bonds bearing fixed interest rates		,	_		-
County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006C serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded Variable Rate Demand Bonds of same series through comersion in 2011 47,200 47,400 47,600 County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Series 2006A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Unamortized bond premium, less accumulated amortization of \$124,000 2,194 173,519 159,835 163,065 Less current portion 3,909 3,381 3,234	County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006B-2 serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011.		49,905	_		_
through comversion in 2011 County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Series 2006A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Finance Authority Hospital Finance Authority Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lounty of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 Lou	County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2006C serial bonds bearing fixed interest rates between 2 00% and 5 00% as of June 30, 2011, refunded		8,845	38.865		38,960
County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 1997A – refunded in 2011 – 23,370 26,080 County of Jackson Hospital Finance Authority – 12,200 12,425 Unamortized bond premium, less accumulated amortization of \$124,000 2,194 – – Less current portion 3,909 3,381 3,234	County of Jackson Hospital Finance Authority		47,200	47,400		47,600
County of Jackson Hospital Finance Authority Hospital Revenue Bonds Series 2007A – refunded in 2011 – 12,200 12,425 Unamortized bond premium, less accumulated amortization of \$124,000 2,194 – – 173,519 159,835 163,065 Less current portion 3,909 3,381 3,234	County of Jackson Hospital Finance Authority		-	38,000		38,000
In 2011	County of Jackson Hospital Finance Authority		-	23,370		26,080
Less current portion 3,909 3,381 3,234	ın 2011 Unamortized bond premium, less accumulated		- 2,194	12,200		12,425
<u> </u>			173,519			
§ 169,610 \$ 156,454 \$ 159,831	Less current portion					
		<u>\$</u>	169,610	\$ 156,454	\$	159,831

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

The Hospital is the sole member of the Allegiance Health Obligated Group responsible for repayment of debt. The debt of the Obligated Group shown above is secured by a pledge of gross revenues of the Hospital

In 2011, the Hospital completed two refinancing transactions that restructured outstanding bond debt as to interest rate modes, bank supporting credit facilities, and interest exchange agreements assigned to convert variable rate debt to a fixed rate. The debt restructuring resulted in the refunding of prior bond issues and termination of interest exchange agreements associated with extinguished variable rate debt.

The November 2010 bond refinancing occurred primarily to obtain traditional fixed interest on bond debt at a time of low prevailing rates and to fulfill a bond covenant requirement that the Hospital achieve at least 60% fixed rate debt mix by November 2011 Bond debt indentified above as Series 2010A, 2006C, and 2006B-2 was issued or converted to fixed interest rates, and in the process, the Series 1997A, 2007A, 2006C (variable rate debt with assigned interest exchange agreement) and a portion of Series 2006B (straight variable rate debt) bonds were refunded and recorded as an extinguishment of debt. The new bonds were issued at a premium of \$2,318,000, which is being amortized as a credit to interest expense over the respective lives of the related debt. As a result of this refinancing, the Hospital recorded a loss from bond transactions of \$1,085,000 related to unamortized financing costs in the consolidated statements of operations and changes in net assets. Payments of \$12,441,000 to terminate interest exchange agreements were also reported as a realized loss in the consolidated statements of operations and changes in net assets.

The April 2011 debt refinancing occurred primarily to add marketability to underlying variable rates as a result of obtaining credit support from a Bank Letter of Credit that replaced a Standby Bond Purchase Agreement (2011A bonds) and through direct bank purchase of newly issued 2011B bonds. As a result of this second refinancing, the 2006A and 2006B bond issues were refunded and recorded as an extinguishment. As a result of this refinancing, the Hospital recorded a loss from bond transactions of \$898,000 in the consolidated statements of operations and changes in net assets.

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Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

In April 2011, the Hospital issued \$36,500,000 County of Jackson Hospital Finance Authority Revenue Refunding Variable Rate Series 2011A to refund the Series 2006A bonds in the principal amount of \$38,000,000 A Bank Letter of Credit facility, which expires on April 21, 2014, was obtained for credit support to replace the Standby Letter of Credit Agreement of the Series 2006A issue The Series 2011A bonds require annual principal and interest payments of approximately \$1 4 million through 2027, \$5 7 million in 2028, and between \$1 3 million and \$9 7 million from 2029 to 2036 Proceeds of a \$1,900,000 debt service reserve fund partially refunded the 2006A bond issue and provided cash for issuance costs of the 2011A bonds An interest rate exchange agreement from the 2006A bonds was assigned to the principal amount of the 2011A bonds for exchange of interest from a variable to a fixed rate

In April 2011, the Hospital issued \$28,875,000 County of Jackson Hospital Finance Authority Revenue Refunding Variable Rate Series 2011B to refund the Series 2006B bonds in the principal amount of \$29,925,000 A direct bank purchase of 2011B bonds occurred for refunding the 2006B Bonds The Series 2011B bonds require annual principal and interest payments of approximately \$1 2 million through 2021, \$1 1 million in 2022, \$1 0 million from 2023 to 2024, \$0 9 million from 2025 to 2026, \$2 3 million from 2027 to 2028, and from \$6 7 million to \$7 5 million from 2029 to 2032 Proceeds of a \$1,229,000 debt reserve fund partially refunded the 2006B bond issue and provided cash for issuance costs of the 2011B bonds An interest rate exchange agreement was assigned to the principal amount of the 2011B bonds for exchange of interest from a variable to a fixed rate

In November 2010, the Hospital issued \$51,655,000 County of Jackson Hospital Finance Authority Revenue Refunding Bond Series 2010A to refund the Series 2007A and Series 1997A bonds in the principal amounts of \$20,675,000 (includes \$8,475,000 of bonds held by and therefore repaid to the Hospital) and \$23,370,000, respectively The 2010A bonds were issued serially at fixed interest rates ranging between 2 00% to 5 25% The Series 2010A Bonds require annual principal and interest payments of approximately \$5 6 to \$5 8 million from 2012 to 2017, \$1 6 million to \$1 8 million from 2018 to 2025, \$1 2 million to \$2 6 million from 2026 to 2036, and \$11 million in 2037 Proceeds from the Series 2010A bonds were utilized to pay off an outstanding interest exchange agreement in the amount of \$9,166,000, resulting in a realized loss, and for funding issuance costs and a debt service reserve fund

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

In November 2010, the Hospital completed a reoffering of Series 2006B-2 bonds and Series 2006C bonds at fixed interest rates in the amount of \$8,940,000 and \$47,400,000, respectively The reoffering is treated as a refunding of variable interest rate bonds of the same issue and is accounted for as an extinguishment of debt. The Series 2006B and Series 2006C bonds were reissued serially at fixed interest rates ranging between 2 00% and 5 00%. The Series 2006B-2 and 2006C bonds require annual principal and interest payments of approximately \$2.9 to \$3.1 million from 2012 to 2017, \$6.9 million to \$7.1 million from 2018 to 2025, \$8.5 million in 2026, and \$5.7 million in 2027. Proceeds from the 2010A bond were available to pay off a portion of an interest exchange agreement in the amount of \$3,275,000, resulting in a realized loss, and for funding issuance costs and a debt service reserve fund

In 2008, the Hospital issued County of Jackson Hospital Finance Authority Hospital Revenue Bonds (W A Foote Memorial Hospital, Jackson, Michigan) Series 2007A During 2009, the Hospital partially defeased the 2007A bonds through a principal redemption of \$21,825,000 In addition, the Hospital purchased \$9,000,000 of the remaining bonds, which at June 30, 2010, had a principal balance of \$8,475,000 and then were fully repaid in 2011 Both the defeasance and the Hospital's purchase of its bonds were accounted for as an extinguishment of debt As such, unamortized financing costs of \$961,000 were expensed and reported as a loss from bond transactions in the consolidated statements of operations in fiscal 2009 The purchased bonds, although held as treasury bonds for possible remarketing, were reported in the consolidated balance sheets as a reduction of the outstanding principal of the 2007A bond issue as of June 30, 2010

The Hospital has been required to maintain certain financial ratios under the terms of the Master Indenture, Supplemental Indentures, Letter of Credit, and Standby Bond Purchase Agreements The Hospital was not in compliance with the debt service coverage ratio requirement for the year ended June 30, 2009 The Hospital engaged a consultant, satisfactory to its counterparties, as required by the Master Indenture to make recommendations to increase the debt service coverage ratio to the required level In addition, the Hospital has obtained waivers for the event of noncompliance for the year ended June 30, 2009, related to the Supplemental Indentures and Standby Bond Purchase Agreements The Hospital was in compliance with required covenants for the years ended June 30, 2011 and 2010

The Hospital has amended Supplemental Indentures and Bank Agreements associated with bond debt to require quarterly measurement of the debt service coverage ratio and capitalization ratio and semi-annual testing of the days cash on hand requirement

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

The Hospital has terminated three Standby Bond Purchase Agreements that supported the County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Bonds Series 2006A and the County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Refunding Bonds Series 2006B and 2006C The Standby Bond Purchase Agreements were available to the Hospital if the holders of the obligations tender such obligations for purchase and the obligations are not remarketed

Principal maturities of long-term debt for the next five years are \$3,725,000 in 2012, \$3,875,000 in 2013, \$4,020,000 in 2014, \$4,180,000 in 2015, and \$4,335,000 in 2016

In 2011, the Hospital renewed its \$6 million demand line of credit that provides for available borrowing at 2 75% interest over the 30-day LIBOR rate. There has been limited use of the line of credit for working capital needs during 2011, 2010, and 2009. A facility fee of 0 25% per annum is paid on the average daily excess of the commitment amount over the principal balance outstanding. In addition, the Hospital is required to maintain a compensating balance of \$6 million with the financial institution.

In 2011, JCMR renewed its \$3 5 million bank demand master revolving note that provides for available borrowing at the rate of 0.5% below the prime rate of interest that shall not be less than the sum of Daily Adjusting LIBOR plus 2.5% Borrowings are secured by all assets of JCMR and a \$3.5 million cash balance pledged by the Hospital and held in an account maintained with the bank. The outstanding loan balance and interest rate of this note at June 30, 2011, 2010, and 2009 was \$2,343,000 (2.75%), \$2,843,000 (2.50%), and \$2,843,000 (4.25%), respectively

In connection with the Series 2011A and Series 2011B Bond issues, the Hospital has an interest rate exchange agreement that converts the interest on debt of \$67,925,000 from variable to a fixed rate. The estimated fair value of the agreement as of June 30, 2011, 2010, and 2009, was a liability of \$10,332,000, \$14,638,000, and \$10,438,000, respectively, which is included in other noncurrent liabilities in the consolidated balance sheets. The change in value is included in nonoperating revenue and expenses in the consolidated statements of operations.

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Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

The Hospital entered into an interest rate exchange agreement associated with the Series 2007A bond issue to convert the interest on debt of \$45,000,000 from a variable rate to a fixed rate. This agreement was terminated in November 2010 at a loss realized from final payment of \$9,166,000. The estimated fair value of the agreement as of June 30, 2010 and 2009, was a liability of \$7,102,000, and \$5,164,000, respectively, and is included in other noncurrent liabilities on the consolidated balance sheets. The realized loss and change in value is included in nonoperating revenue and expenses in the consolidated statements of operations.

The interest rate exchange agreement associated with the Series 2007A bond issue required the Hospital in 2010 to collateralize its liability position above a \$2,500,000 threshold amount, as specified in the interest exchange agreement that considers the investment rating assigned to the Hospital by a major credit rating agency At June 30, 2010, the Hospital posted collateral of \$4,993,000, in the normal course of business The collateral requirement was no longer required as of June 30, 2011, due to the refunding of the Series 2007A bond issue

The estimated fair value of long-term debt at June 30, 2011, measured using market data, was \$168,197,000 The carrying value of the Hospital's debt approximated fair value at June 30, 2010 and 2009

The Hospital paid interest of \$7,230,000, \$6,872,000, and \$6,337,000 during the years ended June 30, 2011, 2010, and 2009, respectively Total interest capitalized during the years ended June 30, 2011, 2010, and 2009 was \$155,000, \$439,000, and \$1,567,000, respectively

5. Retirement Plan

The Hospital has a noncontributory defined benefit plan (the Plan) that covers substantially all employees The Plan requires the Hospital to make annual contributions, which are sufficient to meet the minimum funding standards of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 No plan assets are expected to be returned to the Hospital during the fiscal year ended June 30, 2012

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Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

ASC 715, Compensation – Retirement Benefits, requires plan sponsors of defined benefit pension plans to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. The adjustment to unrestricted net assets represents the net unrecognized actuarial losses and unrecognized prior service credit. These amounts will be subsequently recognized as net periodic pension cost. Furthermore, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of unrestricted net assets. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in unrestricted net assets.

The following table sets forth a reconciliation of the changes in the Hospital's retirement benefit obligation and the fair value of plan assets for the years ended June 30, 2011, 2010, and 2009, and a statement of the funded status as of June 30, 2011, 2010, and 2009

	2011	2010	2009
Change in benefit obligation			
Projected benefit obligation at beginning of year	\$ (130,709,582) \$	(112,512,918) \$	(101,141,702)
Service cost	(8,825,169)	(7,905,454)	(7,199,891)
Interest cost	(6,307,383)	(6,612,179)	(6,565,222)
Actuarial gain (loss)	190,327	(7,500,508)	(4,287,439)
Benefits paid	7,134,025	5,305,182	6,681,336
Plan change		(1,483,705)	
Projected benefit obligation at end of year	(138,517,782)	(130,709,582)	(112,512,918)
Change in plan assets			
Fair value of plan assets at beginning of year	84,140,611	69,131,478	86,713,952
Actual return (loss) on plan assets	17,058,613	7,864,315	(16,201,138)
Employer contributions	12,750,000	12,450,000	5,300,000
Benefits paid	(7,134,025)	(5,305,182)	(6,681,336)
Fair value of plan assets at end of year	106,815,199	84,140,611	69,131,478
Retirement plan liability	\$ (31,702,583) \$	(46,568,971) \$	(43,381,440)

The accumulated benefit obligation was \$128,919,000, \$121,278,000, and \$103,603,000 at June 30, 2011, 2010, and 2009, respectively

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Included in unrestricted net assets at June 30, 2011, 2010, and 2009, respectively, are the following amounts that have not yet been recognized in net periodic benefit cost

	June 30						
	2011			2010	2009		
Unrecognized prior service cost Unrecognized net loss	\$	2,935,124 31,827,484	\$	3,408,009 46,206,367	\$	2,255,518 44,033,266	
Net amount recognized	\$	34,762,608	\$	49,614,376	\$	46,288,784	

Changes in plan assets and obligations recognized in unrestricted net assets during the year ended June 30, 2011, 2010, and 2009 include

	Year Ended June 30						
	2011	2010	2009				
Current year (income) loss Amortization of net actuarial loss Amortization of prior service credit Current year cost of plan change	\$ (11,214,716) \$ (3,164,167) (472,885)	5,298,721 S (3,125,620) (331,214) 1,483,705	\$ 27,288,775 (712,242) (331,214)				
	\$ (14,851,768) \$	3,325,592	\$ 26,245,319				

The assumptions used to determine the benefit obligation are as follows

	June 30				
	2011	2010	2009		
Discount rate	5.05%	5 00%	6 10%		
Rate of compensation increase	4.00%	3 50%	4 00%		
Cash balance interest credit rate	4.75%	4 75%	5 25%		

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Components of net periodic pension cost are as follows

	Year Ended June 30							
		2011		2010		2009		
Service cost	\$	8,825,169	\$	7,905,454	\$	7,199,891		
Interest cost		6,307,383		6,612,179		6,565,222		
Expected return on plan assets		(6,034,224)		(5,662,528)		(6,800,198)		
Amortization of prior service cost		472,885		331,214		331,214		
Amortization of net actuarial loss		3,164,167		3,125,620		712,242		
Net periodic pension cost	\$	12,735,380	\$	12,311,939	\$	8,008,371		

The prior service cost included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2012, is \$464,000 The net actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2012, is \$1,739,000

The assumptions used to determine net periodic pension cost are set forth below

	Year Ended June 30					
	2011	2010	2009			
Discount rate	5.00%	6 10%	6 75%			
Rate of compensation increase	3.50%	4 00%	4 50%			
Cash balance interest rate credit	4.75%	5 25%	5 50%			
Expected long-term rate of return on plan assets	7.25%	8 00%	8 00%			
Measurement date	June 30	June 30	June 30			

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Asset Allocation

The weighted-average asset allocation for the Hospital's pension plan at the end of fiscal 2011, 2010, and 2009, and the target allocation for fiscal 2011, by asset category, are as follows

	Target Allocation	8				
Asset Category	2011	2011	2010	2009		
Equity investments	60%	60%	61%	70%		
Fixed income investments	40	40	39	30		
Total	100%	100%	100%	100%		

The following tables summarize the Hospital's pension assets measured at fair value on a recurring basis as of June 30, 2011 and 2010, aggregated by the level in the fair value hierarchy within which those measurements are determined as disclosed in Note 3 Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 3 Fair value for Level 3 represents the Hospital's ownership interest in the net asset value of the fund, which approximates fair value

				Fair Va	alu	e Measuremei	nt U	sing
	Fair Value at June 30, 2011		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)				Significant Unobservable Inputs (Level 3)	
Assets Cash and cash equivalents Mutual funds – equities Mutual funds – fixed income	\$	590,453 64,230,332 24,439,806	\$	- 64,230,332 24,439,806	\$	1,472 - -	\$	588,981 - -
Common/collective trust		17,554,608		_		17,554,608		
Total investments	\$	106,815,199	\$	88,670,138	\$	17,556,080	\$	588,981

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

		Fair Value Measurement Using					
	air Value at une 30, 2010	â f	oted Prices in ctive Markets or Identical Assets and Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)	ι	Significant Inobservable Inputs (Level 3)
Assets							
Cash and cash equivalents	\$ 1,009,155	\$	_	\$	1,472	\$	1,007,683
Mutual funds – equities	51,780,080		51,780,080		_		_
Mutual funds – fixed income	15,035,248		15,035,248		_		_
Common/collective trust	16,316,128		_		16,316,128		
Total investments	\$ 84,140,611	\$	66,815,328	\$	16,317,600	\$	1,007,683

The following table summarizes the transaction activity for Level 3 assets for the years ended June 30, 2011 and 2010

	Year End June 30				
	2011 2010				
Beginning balance	\$ 1,007,683 \$ 2,381,538				
Acquisitions	14,079,998 104,788,847				
Dispositions	(14,498,700) (106,162,702)				
Ending balance	\$ 588,981 \$ 1,007,683				

Investment Strategy

The Plan's asset allocation and investment strategy are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk Investments are diversified across classes and fund styles to achieve investment return objectives and minimize the risk of large losses. The Hospital uses mutual and common/collective trusts specializing in the investment categories of its asset allocation model and regularly monitors funds to respective performance benchmarks to achieve its investment strategy.

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Expected Rate of Return

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the plan's investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets

Expected Cash Flows

Information about the expected cash flows for the pension plan follows

Expected 2012 employer contributions	\$ 8,013,000
Expected benefit payments	
2012	10,315,257
2013	11,456,112
2014	11,599,528
2015	11,528,674
2016	12,542,558
2017–2021	65,995,328

6. Professional Liability Insurance

The Hospital's professional liability exposure is covered through a self-insurance program that serves as primary coverage for such risks Coverage is provided through a modified claims-made policy provided by Cascades Under the terms of the policy, Cascades pays on behalf of the Hospital all professional liability claims incurred and reported after January 1976 The Hospital has also obtained excess professional liability insurance coverage on a claims-made basis through the MHA Insurance Company and Caymich Insurance Company, Ltd Caymich is an offshore captive insurance company domiciled in the Cayman Islands that provides pooled-risk coverage to its 13 members (all Michigan hospitals and health systems)

Notes to Consolidated Financial Statements (continued)

6. Professional Liability Insurance (continued)

In addition to the Hospital, Cascades also insures employed medical staff under similar modified claims-made policies. The coverage provided is modified in that employees who leave the Hospital remain covered for claims arising from their employment at the Hospital

Cascades' policies provide that a retrospective premium can be assessed at any time. An annual report is prepared by independent actuaries to monitor the adequacy of premiums and reserves. The policy covers all claims arising within the year, notified within seven days of the end of the policy year, or included on a potential claims report within that period

Estimated liabilities for known incidents that may result in the assertion of additional claims and other claims that may be asserted arising from services provided to patients during the period are based upon projections by a consulting actuary. The loss reserves are discounted using a discount rate of 50% at June 30, 2011, and 55% at June 30 2010 and 2009. While it is possible that settlement of asserted claims and claims that may be asserted in the future could result in liabilities in excess of amounts for which the Hospital has provided, management believes that the excess liabilities, if any, would not materially affect the financial position of the Hospital at June 30, 2011.

7. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts

Patient service revenue is comprised of

	Year Ended June 30		
	2011	2010	2009
Charges at established rates			
Routine services	\$ 104,829,368 \$	98,792,768 \$	89,314,187
Ancıllary services			
Inpatient	429,962,451	378,707,727	342,764,847
Outpatient	 682,957,476	606,902,881	543,215,610
	1,217,749,295	1,084,403,376	975,294,644
Deductions			
Charity care	(37,222,215)	(19,711,802)	(19,723,514)
Contractual and other adjustments	 (760,898,993)	(670,482,827)	(600,838,661)
Net patient service revenue	419,628,087	394,208,747	354,732,469
Provision for bad debts	(31,734,583)	(38,747,584)	(32,697,432)
Net patient service revenue after			
provision for bad debts	\$ 387,893,504 \$	355,461,163 \$	322,035,037
		•	

Notes to Consolidated Financial Statements (continued)

7. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts (continued)

Accounts receivable consist of the following

	June 30						
	2011	2010	2009				
Gross patient accounts receivable	, , ,	154,527,803 \$, ,				
Allowance for contractual adjustments	(100,145,075)	(84,489,884)	(65,634,521)				
Allowance for charity care	(9,741,317)	(7,567,957)	(5,735,200)				
Allowance for uncollectable accounts	(20,286,615)	(18,273,621)	(13,350,797)				
Net accounts receivable	\$ 44,053,541 \$	44,196,341 \$	41,564,375				

The Hospital's allowance for uncollectible accounts for self-pay patients increased from 76% of self-pay accounts receivable at June 30, 2010, to 85% of self-pay accounts receivable at June 30, 2011 The increase in the allowance rates is attributable to the deterioration in the local economy, which has led to increased self-pay and Medicaid Pending accounts receivable and the increase in the co-insurance and deductible amounts due from patients. In addition, the self-pay write-offs decreased \$5,315,000 from \$35,939,000 in 2010 to \$30,624,000 in 2011 due to the increased charity care write-offs during the year. In May 2011, the Hospital implemented a new uncompensated care policy that resulted in an increase of approximately \$15,100,000 in gross charges being identified as charity care rather than bad debt expense due to the Hospital retroactively applying the policy to July 1, 2010. The policy was not retroactively applied to the write-offs during the years ended June 30, 2010 or 2009. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors

Settlements receivable from Blue Cross Blue Shield of Michigan, Medicare, Medicaid, and other payors were \$3,484,000 and \$3,330,000 as of June 30, 2011 and 2010, respectively These amounts are reflected as amounts due from third-party payors in the accompanying consolidated balance sheets Settlements payable to these payors were \$683,000 at June 30, 2009 This amount is reflected as amounts due to third-party payors in the accompanying consolidated balance sheets

Notes to Consolidated Financial Statements (continued)

7. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts (continued)

Major payor sources of net patient service revenue that the Hospital classifies for managing its business are as follows for the year ending June 30, 2011

Third-party payors	\$ 383,197,288
Self-pay	36,430,799
	\$ 419,628,087

8. Lease Commitments

The Hospital has operating leases for certain of its premises that at inception had noncancelable terms of more than one year At June 30, 2011, the estimated future minimum lease payments under these operating leases were as follows

2012	\$ 3,966,499
2013	3,239,501
2014	3,027,410
2015	1,783,677
2016	1,442,194
Thereafter	2,862,676
Total	\$ 16,321,957

Rent expense incurred for operating leases for premises and equipment for the years ended June 30, 2011, 2010, and 2009, amounted to \$5,222,000, \$5,428,000, and \$2,872,000, respectively

During 2008, the Hospital entered into an agreement with an unaffiliated real estate developer for the construction and leasing of a medical office building with a total committed project cost of \$16 million. The Hospital is the principal tenant of the medical office building. During the construction period, the Hospital, as beneficial owner, was required to capitalize on its balance sheet the construction costs and a corresponding liability associated with financing the project As of June 30, 2008, the Hospital, as beneficial owner, included construction costs of \$1.5 million in construction-in-progress and in other noncurrent liabilities on the consolidated balance sheet. The project was completed prior to June 30, 2009, upon which the Hospital began its tenancy under operating leases. At June 30, 2009, the Hospital met the criteria for a sale-leaseback transaction under ASC 840 and removed the asset and related obligation from the consolidated balance sheet.

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Notes to Consolidated Financial Statements (continued)

8. Lease Commitments (continued)

In July, October, and December 2009, the Hospital entered into sale-leaseback transactions related to certain medical equipment with an original cost of \$3,895,000, of which \$2,143,000 was reported as a current asset as of June 30, 2009 In connection with the sale-leaseback transactions, the Hospital collected the full cost of the medical equipment from the lessor and relieved current assets as of the June 30, 2010, consolidated balance sheet date. The leases are being accounted for as operating leases

9. Related-Party Transactions

The Hospital is the majority partner in Foote Health Center Associates The partnership owns the top two floors of a three-story medical office building, with the Hospital owning the first floor The Hospital has a 6% fixed rate mortgage loan to the partnership with an outstanding balance at June 30, 2011, 2010, and 2009 of \$2,024,000, \$2,173,000, and \$2,302,000, respectively The Hospital recognized interest income of \$125,000, \$135,000, and \$142,000 related to the loan in 2011, 2010, and 2009, respectively The loan is payable in annual installments, and the fair value approximates the recorded amount at June 30, 2011 The related party loan receivable, payable, and interest between the Hospital and partnership were eliminated in consolidation beginning in 2011

During the year ended June 30, 2009, the Hospital provided health care services at agreed-upon rates to members of Physicians Health Plan of South Michigan (PHPSM), a former wholly owned subsidiary of the System As part of a transition agreement with an unrelated health maintenance organization, PHPSM membership was terminated by September 1, 2008 Therefore, the Hospital provided no services to PHPSM members after the year ended June 30, 2009 Payments received from PHPSM for health care services for the year ended June 30, 2009, was \$961,000 Effective with this transition, the Hospital contracted with an unrelated health care organization to perform health care services for members

At June 30, 2009, the Hospital had notes receivable from CareLink, an affiliated long-term acute care hospital, with an outstanding balance of approximately \$2,300,000 that were fully reserved for principal and accrued interest based on concerns over CareLink's ability to repay the loans. The notes were secured by a continuing security interest in all of CareLink's personal property assets, tangible and intangible, as well as all dividends, interest, and payments of any kind accruing to the collateral

Notes to Consolidated Financial Statements (continued)

9. Related-Party Transactions (continued)

During 2010, as a result of Allegiance Health Services (the Hospital's parent) acquiring an additional 50% ownership interest, CareLink became a wholly owned consolidated subsidiary of the parent effective April 1, 2010 The Hospital's notes receivable from CareLink were terminated under the terms of the acquisition agreement and were officially canceled as to the outstanding amount of principal and accrued interest

During the years ended June 30, 2011 and 2010, the Hospital transferred \$703,000 and \$581,000, respectively, to the System During the year ended June 30, 2009, the Hospital received net transfers from the System of \$4,027,000

10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows

		June 30	
	2011	2010	2009
Medicare	29%	29%	28%
Medicaid	13%	12	12
Patients	23%	24	21
Blue Cross	12%	11	13
Commercial and other payors	23%	24	26
	100%	100%	100%

11. Income Taxes

The Hospital prepares an annual federal tax filing (Form 990-T) that contains a schedule of unrelated business income that is subject to federal income tax. As of June 30, 2011, the Hospital has net operating loss carryforwards attributable to PCN, Inc. of approximately \$6,500,000 that are available to offset future taxable income. These net operating losses expire in various amounts beginning 2018 through 2030. The Hospital has not recognized a deferred tax asset for this amount due to the uncertainty related to the realization of such amounts.

Notes to Consolidated Financial Statements (continued)

12. Functional Expenses

The Hospital provides general health care services to residents within its geographic locations, including medical/surgical, pediatric, behavioral health, critical, and emergency care Expenses relating to providing these services are as follows

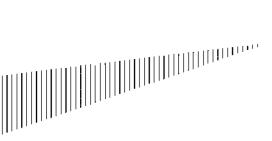
	Year Ended June 30						
	2011	2010	2009				
Health care services General and administrative	\$ 308,927,612 82,958,618	\$ 287,259,735 74,812,155	\$ 265,344,742 67,700,018				
	\$ 391,886,230	\$ 362,071,890	\$ 333,044,760				

13. Subsequent Events

The Hospital evaluates subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date For the year ended June 30, 2011, the Company evaluated the effect of subsequent events through October 10, 2011, representing the date on which the consolidated financial statements were issued Subsequent events identified for disclosure in the accompanying notes to the consolidated financial statements are described in the next paragraph

In August 2011, the Hospital paid cash of approximately \$2,975,000 for two medical practices that will be operated in the Jackson, Michigan, service area The major classes of assets acquired include medical equipment and furnishings, identifiable intangible assets, and goodwill

Other Financial Information





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Report of Independent Auditors on Consolidating Financial Information

The Board of Hospital Trustees W A Foote Memorial Hospital d/b/a Allegiance Health

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

October 10, 2011

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Consolidating Balance Sheet

June 30, 2011

	Allegiance Health	Cascades Insurance Company, Ltd	Jackson Community Medical Record, LLC	Physicians Choice Network, Inc	Physicians Choice Network, LLC	Foote Health Center Associates	Consolidation Adjustments	Consolidated
Assets							J	
Current assets								
Cash and cash equivalents	\$ 19 839 218	\$ 5611	\$ 140.870	\$ -	\$	\$ 214 950	\$ -	\$ 20 200 649
Net accounts receivable	44 053 541	-	_	_	_	_	_	44 053 541
Amounts due from third-party payors	3 484 273	_	_	_	_	_	_	3 484 273
Due from affiliates and other receivables	6 259 899	18	272 454	_	_	_	(1 470 923)	5 061 448
Inventories	6 525 464	_	_	_	_	_	_	6 525 464
Prepaid expenses and other current assets	7 684 889	6 532	28 050	_	_	_	(801 835)	6 917 636
Total current assets	87 847 284	12 161	441 374	-	-	214 950	(2 272 758)	86 243 011
Assets whose use is limited Board-appropriated investments								
Funded depreciation	205 491 485	_	_	_	_	_	_	205 491 485
Funds held by trustee	9 623 161	_	_	_	_	_	_	9 623 161
Cash and investments related to								
professional liability insurance	_	14 983 770	_	_	_	_	_	14 983 770
Total assets whose use is limited	215 114 646	14 983 770	-	-	-	-	-	230 098 416
Properties								
Land	9 630 527	-	-	-	-	_	-	9 630 527
Buildings and improvements	184 268 020	_	_	_	_	4 670 882	588 836	189 527 738
Equipment	133 113 303	=	3 621 801	=	=	81 281	=	136 816 385
Construction-in-progress	2 770 440	_	_	_	_	_	_	2 770 440
Allowances for depreciation	(169 574 994)	=.	(2.962.270)	_	-	(2 766 816)	(29 442)	(175 333 522)
	160 207 296	_	659 531	_	_	1 985 347	559 394	163 411 568
Other assets								
Loans receivable	1 889 563	_	_	_	_	_	(1 889 563)	_
Unamortized financing costs	2 675 170	_	_	_	-	_	_	2 675 170
Other assets	1 510 389		=-	_	-	_	_	1 510 389
Other investments	(638 337)	_	_	_	_	_	3 208 218	2 569 881
Total other assets	5 436 785	-	-	_	_	_	1 318 655	6 755 440
Total assets	\$ 468,606,011	\$ 14,995,931	\$ 1,100,905	\$ -	\$ -	\$ 2,200,297	\$ (394,709)	486,508,435

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Consolidating Balance Sheet (continued)

		Consider	Jackson	Discourse	Discourse	Es et a III e lab		
	Allegiance Health	Cascades Insurance Company, Ltd	Community Medical Record, LLC	Physicians Choice Network, Inc	Physicians Choice Network, LLC	Foote Health Center Associates	Consolidation Adjustments	Consolidated
Liabilities and net assets	rieatui	Company, Ltd	Record, LLC	Network, Inc	Network, LLC	Associates	Aujustinents	Consolidated
Current liabilities								
Accounts payable and other								
current liabilities	\$ 30 070 358	\$ 434 991	\$ 2 357 253	\$ -	\$ 24 799	\$ 90.033	\$ (1.854.187)	\$ 31 123 247
Compensation amounts withheld								
and payroll taxes	17 462 913	=	=	=	=	=	=	17 462 913
Short-term debt	_	_	2 342 889	_	_	_	_	2 342 889
Accrued interest payable	630 106	_	_	_	_	_	_	630 106
Current portion of long-term debt	3 908 641	_	_	_	_	134 064	(134 064)	3 908 641
Total current liabilities	52 072 018	434 991	4 700 142	-	24 799	224 097	(1 988 251)	55 467 796
Noncurrent liabilities								
Amounts related to professional								
liability insurance	(3 150 785)	14 235 940	_	_	_	_	_	11 085 155
Retirement plan liability	31 702 583	-	_	_	-	_	_	31 702 583
Other liabilities	16 681 690	_	_	_	_	1 889 563	(1 889 563)	16 681 690
Long-term debt less current portion	169 609 992	_	_	_	_	_		169 609 992
Total noncurrent liabilities	214 843 480	14 235 940	_	_	_	1 889 563	(1 889 563)	229 079 420
Total liabilities	266 915 498	14 670 931	4 700 142	-	24 799	2 113 660	(3 877 814)	284 547 216
Net assets								
Unrestricted	201 690 513	325 000	(3 599 237)	_	(24 799)	86 637	3 483 105	201 961 219
	201 690 513	325 000	(3 599 237)	_	(24 799)	86 637	3 483 105	201 961 219
Total liabilities and net assets	\$ 468,606,011	\$ 14,995,931	\$ 1,100,905	\$ -	\$ -	\$ 2,200,297	\$ (394,709)	\$ 486,508,435

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Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2011

	Allegiance Health	Cascades Insurance Company Ltd	Jackson Community Medical Record LLC	Physicians Choice Network Inc	Physicians Choice Network LLC	Foote Health Center Associates	C onsolidation Adjustments	C onsolidated
Unrestricted revenue gains		complany 200	Title BBC	Account and	THE DEC	1774411117	ingu Airent	C 31170 LI 311(C)
and other support								
Net patient service revenue	\$ 419 628 087 \$	- s	- \$	- s	- \$	- S	- S	419 628 087
Less provision for bad debts	11 714 581	-	_	-	-	-	-	11 714 581
Net patient service revenue after								
provision for bad debts	187 891 504	-	_	-	-	-	-	187 891 504
Other revenues	9615614	-	2 702 170	1081	>> 146	916 018	(2 908 274)	10 550 757
Insurance revenue	_	4 666 712	-	-	-	-	(5 602 619)	1 064 095
Total unrestricted revenue gains								
and other support	507 507 118	4 666 712	2 702 170	1081	>> 146	016 018	(6.510.805)	,00 ,1" ,54
Expenses								
Routine nursing salaries	57 040 252	-	-	-	-	-	-	57 040 252
Other patient care salaries	97 255 511	-	-	-	-	-	-	97 253 511
General and administrative services salaries	54 124 150	-	1 058 525	6 220	-	-	-	15 169 005
Professional and purchased services	40 550 825	181 702	286 588	=-	22.452	65 160	(1 664 259)	19275 518
Supplies and other costs	00 41 2 524	11 885	866 010	988	1 600	101 290	(1.118.072)	00.480.155
Fringe benefits	56 21 5 42 s	-	105 621	1 956	-	-	-	16 521 002
Utilities	4 264 7 11	-	-	-	-	1 - 5 001	-	4 440 6 14
Depreciation	24 012 561	-	685 710	-	-	155 086	20 442	24 881 508
Insurance	4 802 508	5 562 1 12	474	-	911	-	(5 602 619)	6 61 406
Interest	161 755	-	6- 048	-	-	125 945	(125 945)	7 229 71 1
Amortization	155 176	-	-	-	-	-	-	155 176
Miscellaneous	s 9s2 186	-	-	-	-	-	(450 854)	1472 112
Total operating expenses	188 926 412	5 755 800	s 251 806	9 274	i- oti	826 289	(6 941 505)	191 886 210
Operating income (loss)	8 580 706	(1 089 09")	(549 656)	(6 191)	(24 799)	80 -50	450 412	7451 124
Nonoperating revenue and expenses								4.0
Investment income	5 061 242	612 175	-	-	-	-	-	5 69 5 61
Net unrealized appreciation in fair	A 1 07 0 1	170.100						25 5120
value of investments	24 876 094	478 192	-	-	-	_	-	25 154 286
Change in fair value of interest rate swaps	11 40 - 55 -	_	-	-	-	_	-	11 407 557
Loss from termination of interest rate swaps	(12 441 000)	- 21.170	_	-	-	-	-	(12 441 000)
Miscellaneous nonoperating expenses	(257 824)	(21.470)	=	=	-	-	-	(279 294)
Health Improvement Organization	(740 916)	_	=	-	-	-	_	(740 916)
Community Projects Fund	(1 251 916) (1 982 992)	_	_	-	-	_	-	(1 2 1 9 16)
Loss from bond transactions	(1 082 002)						-	(1 982 992)
Revenue gams and other support greater than (less than) expenses	n 270 751	-	(549 656)	(6 191)	(24 700)	80 -20	450 412	ss 210 266
Other changes in unrestricted net assets								
Net assets released from								
restrictions - capital	564 570	-	-	=	-	-	-	564 570
Pension liability adjustments	14 851 768	-	-	-	-	-	-	14 851 768
Transfers (to) from parent and affiliates	(59, 400)	-	500 000	(109 850)	-	(5.092)	(496 908)	(70 x 250)
Increase (decrease) in unrestricted								
net assets	48 00 > 608	-	(49 616)	(116 041)	(24 700)	86 61	(66 4 ⁹ 6)	47921161
Temporarily restricted net assets								
Contributions	564 5-0	-	=	=	=	=	=	564 5-0
Net assets released from restrictions	(564 570)	_	-	-	-	_	_	(564 570)
Decrease in temporarily								
restricted net assets	48 09 1 698		(49 616)	(116 041)	(24 "99)	86 61	(66 496)	4-921 161
Increase (decrease) in net assets	15,596,815	525 000	(1549 601)	116 041	(24 99)	80 01	, 549 601	154017 856
Net assets at beginning of year Net assets at end of year	\$ 201,690,515 \$		(1,500,217) \$	- \$	(24 ~00) \$	86 61 \$	148 105 \$	201 961 219
rice about at end of year	3 201 090 11 3	, 1,000 3	(1,100,21) 2	- 3	(24, 44) 2	00,01 3	1401101 3	201,901,219

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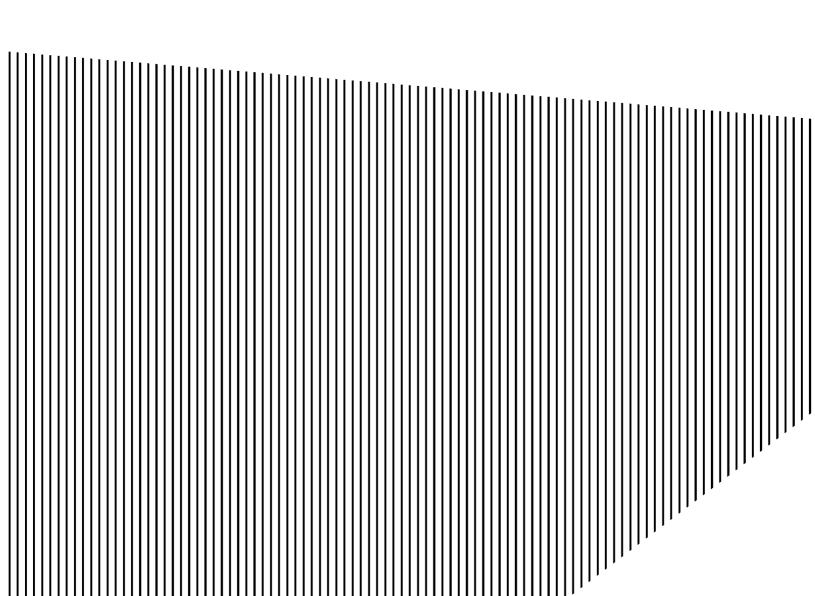
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Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

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

Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per	(C) Position (check all that apply)						(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	week	individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
Georgia Fojtasek President & CEO	60 00	Х		х				1,331,928	0	136,510
A aron Boatin Director	2 00	Х						0	0	0
Neeta Delaney Dırector	2 00	Х						0	0	0
Doug Finch Director	2 00	Х						0	0	0
David Halsey Director	2 00	Х						31,697	0	0
Steven Hogwood Director	2 00	Х						0	0	0
Nitin Ambani Chief of Staff	5 00	Х						20,081	0	0
Mohan Kulkarnı Chief of Staff thru 12/31/10	5 0 0	Х						139,228	0	0
Rıchard LaFlamme Vıce Chaırman	2 00	Х						0	0	0
Tım Levy Dırector	2 00	Х						0	0	0
John Nally Secretary/Treasurer	2 00	Х		х				0	0	0
Harish Rawal Director	2 00	Х						7,103	0	0
Larry Schultz Chairman	5 0 0	Х						0	0	0
Michael Shirkey Director thru 11/01/10	2 00	Х						0	0	0
Lynn VanWagnen Dırector	2 00	Х						0	0	0
Mark Zande Dırector thru 03/31/11	2 00	Х						0	0	0
Michael Shore Director	2 00	Х						0	0	0
Karen Chaprnka SVP & COO	60 00			х				462,426	0	68,199
Jeanne Wickens SVP & CFO	60 00			х				404,493	0	71,139
Richard Warren SVP & CIO	60 00			x				318,797	0	77,285
Jacalyn Liebowitz SVP Patient Care	60 00			х				314,894	0	60,316
Kenneth Empey General Counsel	60 00			х				262,707	0	34,174
Cheryl Lamborn VP Human Resources	60 00			х				122,775	0	19,852
Anthony Gardner VP Marketing	60 00			х				221,809	0	40,954
William Kiel VP Development	60 00			Х				187,205	0	47,387

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

Compensated Employees, and independent contractors											
(A) Name and Title	(B) (C) Average Position (check all hours that apply)					II		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
Ray Kıng Chief Medical Officer	60 00			Х				365,027	0	68,255	
Timothy Keener SVP Strategy thru 04/29/11	60 00			х				268,219	0	46,274	
Max Hutton Physician	50 00					х		669,967	0	64,157	
Ryan Beekman Physician	50 00					х		742,501	0	73,437	
Stanley Lee Physician	50 00					х		622,728	0	72,276	
Joann Hirth Physician	50 00					х		552,981	0	46,557	
Malcolm Trimble Physician	50 00					Х		546,992	0	61,439	
Janet Blaır VP Human Resources	60 00						Х	160,394	0	5,492	