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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047  <b>2010</b>  <b>Open to Public Inspection</b>
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<b>A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011</b>		
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization MEMORIAL MEDICAL CENTER INC  Doing Business As  Number and street (or P O box if mail is not delivered to street address) Room/suite 1615 MAPLE LANE  City or town, state or country, and ZIP + 4 ASHLAND, WI 54806	<b>D Employer identification number</b>  23-7013497
	<b>F</b> Name and address of principal officer LES WHITEAKER 1615 MAPLE LANE ASHLAND, WI 54806	<b>E Telephone number</b>  (715) 685-5515
	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
	<b>H(c)</b> Group exemption number ▶	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> ▶ WWW.ASHLANDMMC.COM		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1968
<b>M</b> State of legal domicile WI		

Part I	Summary
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities INPATIENT AND OUTPATIENT MEDICAL SERVICES
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
	<b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .
Revenue	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .
	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
Expenses	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) . . . . .
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
Net Assets or Fund Balances	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .
	<b>20</b> Total assets (Part X, line 16) . . . . .
	<b>21</b> Total liabilities (Part X, line 26) . . . . .
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .

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

















<b>Sign Here</b>	***** Signature of officer	2012-08-09 Date			
	LES WHITEAKER VICE-PRESIDENT Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name MARY BETH SANTORI	Preparer's signature MARY BETH SANTORI	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ MCGLADREY LLP				Firm's EIN ▶
	Firm's address ▶ 227 W FIRST ST STE 700 DULUTH, MN 558021919				Phone no ▶ (218) 727-8253

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



Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	<b>1a</b>	52
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	424
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	Yes
<b>4a</b>	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)?	<b>4a</b>	No
<b>b</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.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	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?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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?	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand.	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15		
b	Enter the number of voting members included in line 1a, above, who are independent	14		
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		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filedWI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. LES WHITEAKER 1615 MAPLE LANE ASHLAND, WI 54806 (715) 685-5515

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DANIEL HYMANS PRESIDENT	40.00	X		X				260,314	0	59,177
(2) MATTHEW ANICH CHAIR	1.00	X		X				0	0	0
(3) SCOTT WARREN MD BOARD MEMBER	1.00	X						0	0	0
(4) JOHN OUJIRI MD BOARD MEMBER	1.00	X						0	0	0
(5) ANNE SULLIVAN SECRETARY	1.00	X		X				0	0	0
(6) PATRICIA SCHRAUFNAGEL VICE CHAIR	1.00	X		X				0	0	0
(7) KATHY GANG MD BOARD MEMBER	1.00	X						16,233	0	0
(8) BARBARA BARRY BOARD MEMBER	1.00	X						0	0	0
(9) THOMAS JOKINEN BOARD MEMBER	1.00	X						0	0	0
(10) CHRIS IVERSON TREASURER	1.00	X		X				0	0	0
(11) DON MARCOUILLER BOARD MEMBER	1.00	X						0	0	0
(12) T JAY JONES BOARD MEMBER	1.00	X						0	0	0
(13) MARC BARBEAU BOARD MEMBER	1.00	X						0	0	0
(14) WILLIAM SLOAN BOARD MEMBER	1.00	X						0	0	0
(15) F DANIEL ROCHMAN MD BOARD MEMBER	1.00	X						0	0	0
(16) DANIEL H ADAMS VICE-PRESIDENT	40.00			X				174,245	0	54,807



Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) LESLIE J WHITEAKER VICE-PRESIDENT	40 00			X				185,670	0	46,571
(18) DANIEL GARDNER PSYCHOLOGIST	40 00					X		119,823	0	36,877
(19) WILLIAM MATTILA PHARMACY-DRTR	40 00					X		132,114	0	46,701
(20) PATRICK MARSHALL PHARMACIST	40 00					X		114,850	0	33,937
(21) KATHRYN TUTTLE CLINICAL-DRTR	40 00					X		108,722	0	39,744
(22) STUART SHEETS PSYCHIATRIST	40 00					X		180,761	0	27,474
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								1,292,732	0	345,288

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization8

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

Section B. Independent Contractors

<b>1</b>	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization	
(A) Name and business address	(B) Description of services	(C) Compensation
SUPERIOR ANESTHESIA ASSOCIATES 301 ELLIS AVENUE SUITE 3 ASHLAND, WI 54806	ANESTHESIA SERVICES	1,236,855
JAMES LEAN MD 1615 MAPLE LANE ASHLAND, WI 54806	PSYCH PROF FEES	308,406
ESSENTIA HEALTH - ASHLAND 1615 MAPLE LANE ASHLAND, WI 54806	ER ON-CALL SERVICES	307,407
LAKE SUPERIOR LAUNDRY 1701 NORTH 6TH STREET SUPERIOR, WI 54880	LAUNDRY SERVICE	168,481
KEITH HENRY 1615 MAPLE LANE ASHLAND, WI 54806	PATHOLOGY FEES	130,000
<b>2</b>	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization 5	

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)		
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . . .	1d					
	e	Government grants (contributions)	1e	25,064				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	20,100				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .		45,164				
	Program Service Revenue			Business Code				
2a		PATIENT SERV REV	621500	56,529,624	56,529,624			
b		MEDICAID EHR INCENTIVE	524114	890,477	890,477			
c		CAFETERIA	722210	207,238	207,238			
d		OTHER OPERATING REVENU	900099	25,302	25,302			
e		HEALTHY FAMILIES PROGR	624100	-14,500	-14,500			
f		All other program service revenue						
g		Total. Add lines 2a-2f . . . . .		57,638,141				
Other Revenue	3		Investment income (including dividends, interest and other similar amounts) . . . . .	295,549			295,549	
	4		Income from investment of tax-exempt bond proceeds . . . . .					
	5		Royalties . . . . .					
	6a	(i) Real		(ii) Personal	96,013	96,013		
		96,013						
		96,013						
	d		Net rental income or (loss) . . . . .					
	7a	(i) Securities		(ii) Other	38,922			38,922
		51,898						
				12,976				
		51,898		-12,976				
	d		Net gain or (loss) . . . . .					
	8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
	b		Less direct expenses . . . . .					
	c		Net income or (loss) from fundraising events . . . . .					
	9a		Gross income from gaming activities See Part IV, line 19 . . . . .					
	b		Less direct expenses . . . . .					
	c		Net income or (loss) from gaming activities . . . . .					
	10a		Gross sales of inventory, less returns and allowances . . . . .					
b		Less cost of goods sold . . . . .						
c		Net income or (loss) from sales of inventory . . . . .						
		Miscellaneous Revenue		Business Code				
11a								
b								
c								
d		All other revenue . . . . .						
e		Total. Add lines 11a-11d . . . . .						
12		Total revenue. See Instructions . . . . .		58,113,789	57,734,154	0	334,471	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	797,017	16,233	780,784	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7	Other salaries and wages	20,926,693	18,542,955	2,383,738	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	830,193	786,782	43,411	
9	Other employee benefits . . . . .	4,539,593	3,815,460	724,133	
10	Payroll taxes . . . . .	1,598,582	1,374,361	224,221	
a	Fees for services (non-employees)				
	Management . . . . .				
b	Legal . . . . .				
c	Accounting . . . . .				
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .				
12	Advertising and promotion . . . . .				
13	Office expenses . . . . .	1,311,872		1,311,872	
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .				
17	Travel . . . . .				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .				
20	Interest . . . . .	97,239	82,158	15,081	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	2,973,015	2,511,921	461,094	
23	Insurance . . . . .	177,384		177,384	
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	OTHER PROFESSIONAL SERV	7,380,968	7,380,968		
b	NURSING SUPPLIES & OTHE	5,059,400	5,059,400		
c	PROVISION FOR BAD DEBTS	3,259,784	3,259,784		
d	CONSULTING	1,639,225		1,639,225	
e	GENERAL SERVICES SUPPLI	1,582,440	1,582,440		
f	All other expenses	391,513		391,513	
25	Total functional expenses. Add lines 1 through 24f	52,564,918	44,412,462	8,152,456	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				1	
	2	Savings and temporary cash investments . . . . .			21,424,633	2	30,871,949
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			8,134,870	4	7,608,828
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .			2,962,990	7	4,364,078
	8	Inventories for sale or use . . . . .			2,085,670	8	2,016,087
	9	Prepaid expenses and deferred charges . . . . .			187,293	9	195,212
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	60,824,749			
	b	Less: accumulated depreciation . . . . .	10b	38,195,439	19,463,263	10c	22,629,310
	11	Investments—publicly traded securities . . . . .			7,341,508	11	613,496
	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 . . . . .			517,109	15	1,020,128
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			62,117,336	16	69,319,088	
Liabilities	17	Accounts payable and accrued expenses . . . . .			5,684,944	17	6,354,089
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			4,691,450	20	6,533,230
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .				23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			2,250,000	25	1,780,000
	26	Total liabilities. Add lines 17 through 25 . . . . .			12,626,394	26	14,667,319
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			49,490,942	27	54,651,769
	28	Temporarily restricted net assets . . . . .				28	
	29	Permanently restricted net assets . . . . .				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			49,490,942	33	54,651,769
34	Total liabilities and net assets/fund balances . . . . .			62,117,336	34	69,319,088	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	58,113,789
2	Total expenses (must equal Part IX, column (A), line 25)	2	52,564,918
3	Revenue less expenses Subtract line 2 from line 1	3	5,548,871
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	49,490,942
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-388,044
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	54,651,769

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
MEMORIAL MEDICAL CENTER INC

Employer identification number  
23-7013497

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))					14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14					15	
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶						

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6 )						

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

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

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		



Part IV

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

SCHEDULE D

(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization  
MEMORIAL MEDICAL CENTER INC

Employer identification number

23-7013497

Part I

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

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

Part II

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

1	Purpose(s) of conservation easements held by the organization (check all that apply)											
	<div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)</div> <div><input type="checkbox"/> Protection of natural habitat</div> <div><input type="checkbox"/> Preservation of open space</div>	<div><input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Preservation of a certified historic structure</div>										
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year											
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____											
4	Number of states where property subject to conservation easement is located ▶ _____											
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?											
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>											
6	Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____											
7	Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____											
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?											
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>											
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements											

Part III

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

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items	
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items	
	(i) Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
	(ii) Assets included in Form 990, Part X	▶ \$ _____
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items	
a	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
b	Assets included in Form 990, Part X	▶ \$ _____

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

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

3a(i)

Yes

No

(ii)

related organizations . . . . .

3a(ii)

b

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

3b

4

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

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		127,376		127,376
b Buildings . . . . .		21,168,279	14,951,145	6,217,134
c Leasehold improvements . . . . .				
d Equipment . . . . .		31,457,594	20,981,373	10,476,221
e Other . . . . .		8,071,500	2,262,921	5,808,579
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				22,629,310



Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	58,113,789
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	52,564,918
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,548,871
4	Net unrealized gains (losses) on investments	4	-388,044
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-388,044
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	5,160,827

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	57,725,745
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	-388,044
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	-388,044
3	Subtract line 2e from line 1 . . . . .	3	58,113,789
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIV) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	58,113,789

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	52,564,918
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	0
3	Subtract line 2e from line 1 . . . . .	3	52,564,918
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIV) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	52,564,918

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	NOT-FOR-PROFIT ORGANIZATIONS MAY BECOME SUBJECT TO INCOME TAXES IF QUALIFICATION AS A TAX-EXEMPT ENTITY CHANGES, IF UNRELATED BUSINESS INCOME IS GENERATED, AND IN CERTAIN OTHER INSTANCES. NOT-FOR-PROFIT ORGANIZATIONS ARE REQUIRED TO ASSESS THE CERTAINTY OF THEIR TAX POSITIONS RELATED TO THESE MATTERS AND, IN SOME CASES, RECORD LIABILITIES FOR POTENTIAL TAXES, INTEREST AND PENALTIES ACCOMPANIED BY FOOTNOTE DISCLOSURES. THE HOSPITAL HAS NOT IDENTIFIED ANY UNCERTAIN TAX POSITIONS THAT WOULD REQUIRE THE ACCRUAL OF AN INCOME TAX PROVISION.

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**  
MEMORIAL MEDICAL CENTER INC

**Employer identification number**  
23-7013497

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	Yes	
1b	If "Yes," is it a written policy? . . . . .	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  <b>a</b> Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care  <div><input checked="" type="checkbox"/> 100%    <input type="checkbox"/> 150%    <input type="checkbox"/> 200%    <input type="checkbox"/> Other _____%</div> <b>b</b> Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . .  <div><input checked="" type="checkbox"/> 200%    <input type="checkbox"/> 250%    <input type="checkbox"/> 300%    <input type="checkbox"/> 350%    <input type="checkbox"/> 400%    <input type="checkbox"/> Other _____%</div> <b>c</b> If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care  <b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .		No
5c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		
6a	Does the organization prepare a community benefit report during the tax year? . . . . .	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			569,150		569,150	1 150 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .			10,566,920	7,427,453	3,139,467	6 370 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			20,609,282	18,905,077	1,704,205	3 460 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			31,745,352	26,332,530	5,412,822	10 980 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			17,329	7,091	10,238	0 020 %
f Health professions education (from Worksheet 5) . . . . .			5,971		5,971	0 010 %
g Subsidized health services (from Worksheet 6) . . . . .			10,628,437	8,549,216	2,079,221	4 220 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .						
j <b>Total</b> Other Benefits . . . . .			10,651,737	8,556,307	2,095,430	4 250 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			42,397,089	34,888,837	7,508,252	15 230 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	23,259,784	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	30	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	516,414,445	
6	Enter Medicare allowable costs of care relating to payments on line 5	616,478,179	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7-63,734	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9aYes	
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	No

Part IVManagement Companies and Joint Ventures

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

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

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

**Schedule H (Form 990) 2010**



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

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

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COSTS ARE CALCULATED USING FINANCIAL DATA AND THE COST TO CHARGE RATIO FROM THE AS FILED 2011 MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES INCLUDE LABOR & DELIVERY, OBSERVATION BEDS, BLOOD STORING, PHYSICAL THERAPY, IMPLANTABLE DEVICES CHARGED TO PATIENTS, PSYCHIATRIC/PSYCHOLOGICAL SERVICES, CARDIAC REHAB, AND EMERGENCY

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE FROM FINANCIAL STATEMENTS IS \$ 3,259,784

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT ORIGINAL CHARGE FOR THE SERVICE PROVIDED, LESS AMOUNTS COVERED BY THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLED ACCOUNTS AND BY USING HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED WHEN RECEIVED AT MEMORIAL MEDICAL CENTER, INC BAD DEBT IS CONSIDERED THE UNWILLINGNESS TO PAY, WHILE CHARITY CARE AND FREE CARE ARE INABILITY TO PAY

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 8 MEMORIAL MEDICAL CENTER, INC IS A CRITICAL ACCESS HOSPITAL THAT IS REIMBURSED AT 101% OF COST THE SHORTFALL REPORTED IS FROM THE PSYCH PROGRAM IF THIS SERVICE WAS NOT PROVIDED BY THE HOSPITAL, THE NEED FOR THIS SERVICE WOULD NOT BE MET IN THE COMMUNITY THE MEDICARE FEES FOR REIMBURSED SERVICES RESULTED IN NET REVENUE OF \$459,350 AND ALLOWABLE COSTS OF \$1,147,252 RESULTING IN A SHORTFALL OF \$687,901 THE SHORTFALL IS THE RESULT OF UNREIMBURSED PROFESSIONAL CARE THE HOSPITAL FOLLOWED MEDICARE'S PRESCRIBED METHODS OF DETERMINING COSTS PAYABLE UNDER TITLE XVIII (MEDICARE) IN COMPLETING ITS ANNUAL MEDICARE COST REPORT (COST REPORT) USING DATA AVAILABLE FROM THE INSTITUTION'S BASIC ACCOUNTS, AS USUALLY MAINTAINED, TO ARRIVE AT EQUITABLE AND PROPER PAYMENT FOR SERVICES THE COST REPORT WAS COMPLETED USING THE HOSPITAL'S TRIAL BALANCE OF EXPENSES, AS WELL AS OTHER STATISTICAL AND FINANCIAL RECORDS MAINTAINED BY THE HOSPITAL AS REQUIRED BY MEDICARE REGULATIONS, CERTAIN RECLASSIFICATIONS AND ADJUSTMENTS TO COSTS WERE INCLUDED IN THE COST REPORT TO DETERMINE MEDICARE ALLOWABLE COSTS AFTER MEDICARE ALLOWABLE COSTS ARE DETERMINED, THE COST REPORT PROVIDES FOR THE STEP DOWN METHOD OF COST FINDING THIS METHOD PROVIDES FOR ALLOCATING THE COST OF SERVICES RENDERED BY EACH GENERAL SERVICE COST CENTER TO OTHER COST CENTERS, WHICH UTILIZE THE SERVICES ONCE THE COSTS OF A GENERAL SERVICE COST CENTER HAVE BEEN ALLOCATED, THAT COST CENTER IS CONSIDERED CLOSED ONCE CLOSED, IT DOES NOT RECEIVE ANY OF THE COSTS SUBSEQUENTLY ALLOCATED FROM THE REMAINING GENERAL SERVICE COST CENTERS AFTER ALL COSTS OF THE GENERAL SERVICE COST CENTERS HAVE BEEN ALLOCATED TO THE REMAINING COST CENTERS, THE TOTAL COSTS OF THESE REMAINING COST CENTERS ARE FURTHER DISTRIBUTED TO THE DEPARTMENTAL CLASSIFICATION TO WHICH THEY PERTAIN, E G , HOSPITAL GENERAL INPATIENT ROUTINE, SUBPROVIDER, ANCILLARY, ETC AFTER THE STEP-DOWN PROCESS, THE COST REPORT PROVIDES FOR THE APPORTIONMENT OF COSTS TO THE MEDICARE PROGRAM BASED ON A NUMBER OF DIFFERENT METHODOLOGIES INCLUDING PER PATIENT DAY, PER VISIT, AND PERCENTAGE OF CHARGES, AS MOST PREVALENT MEDICARE COSTS AS DETERMINED BY THE COST REPORT METHODOLOGIES DESCRIBED PREVIOUSLY WERE UTILIZED TO COMPLETE THE APPLICABLE MEDICARE ALLOWABLE COSTS OF CARE FOR SCHEDULE H (FORM 990) PART III SECTION B LINE 6</p>

Identifier	ReturnReference	Explanation
MEMORIAL MEDICAL CENTER		PART V, SECTION B, LINE 13G THE FINANCIAL ASSISTANCE POLICY IS PUBLISHED IN THE LOCAL NEWSPAPER

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE ORGANIZATION FILES AN ANNUAL COMMUNITY BENEFIT REPORT



Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MEMORIAL MEDICAL CENTER IS WORKING WITH LOCAL ORGANIZATIONS INCLUDING ASHLAND AND BAYFIELD COUNTY AND LOCAL SENIOR CITIZEN GROUPS TO PUT TOGETHER A 3 YEAR COMMUNITY NEEDS ASSESSMENT THE PROCESS WILL INCLUDE SURVEYS OF AREA GROUPS AND INDIVIDUALS TO GAIN A PERSPECTIVE OF NEEDS THAT LOCAL CITIZENS BELIEVE ARE NECESSARY TO MEET THE HEALTHCARE NEEDS OF THE AREA

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NOTICES ARE PUBLISHED IN THE LOCAL NEWSPAPER, INTERVIEWS ARE CONDUCTED AT ADMISSION AND FOR THOSE PATIENTS PREADMITTED INFORMATION IS DISTRIBUTED AND INTERVIEWS CONDUCTED TO EXPLORE ALL THE AVENUES AVAILABLE FOR PAYMENT OF THEIR HEALTHCARE SERVICES TO INCLUDE THEIR ELIGIBILITY FOR CHARITY CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 MEMORIAL MEDICAL CENTER SERVES AND AREA THAT EXTENDS 25 MILES WEST, 75 MILES EAST AND 45 MILES SOUTH OUR PRIMARY SERVICE AREA HAS A POPULATION OF APPROX 35,000 PEOPLE THE AVERAGE INCOME OF OUR SERVICE AREA IS WELL BELOW STATE AVERAGES

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 MEMORIAL MEDICAL CENTER DOES HAVE AN OPEN MEDICAL STAFF WITH A BROAD RANGE OF SPECIALTIES THE MEMBERS OF THE MEDICAL STAFF PROVIDE SERVICES OUT OF TWO LARGER CLINICS AS WELL AS MANY SMALL INDEPENDENT PRACTICES ALL HAVE EQUAL PRIVILEGES ON THE MEDICAL STAFF IN ADDITION WE HAVE A BOARD OF DIRECTORS THAT REPRESENT THE LARGER SERVICE AREA BOARD OF DIRECTORS COME FROM COMMUNITIES 30-40 MILES FROM ASHLAND AS WELL AS REPRESENTATIVES FROM ASHLAND AND WASHBURN (10 MILES AWAY)

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 MEMORIAL MEDICAL CENTER IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	WI

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
MEMORIAL MEDICAL CENTER INC

Employer identification number  
23-7013497

Part I

Questions Regarding Compensation

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

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

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DANIEL HYMANS	(i)	260,314	0	0	33,868	25,309	319,491	0
	(ii)	0	0	0	0	0	0	0
(2) DANIEL H ADAMS	(i)	174,245	0	0	29,660	25,147	229,052	0
	(ii)	0	0	0	0	0	0	0
(3) LESLIE J WHITEAKER	(i)	185,670	0	0	21,421	25,150	232,241	0
	(ii)	0	0	0	0	0	0	0
(4) DANIEL GARDNER	(i)	119,823	0	0	13,282	23,595	156,700	0
	(ii)	0	0	0	0	0	0	0
(5) WILLIAM MATTILA	(i)	132,114	0	0	18,604	28,097	178,815	0
	(ii)	0	0	0	0	0	0	0
(6) STUART SHEETS	(i)	180,761	0	0	22,000	5,474	208,235	0
	(ii)	0	0	0	0	0	0	0
( 7 )								
( 8 )								
( 9 )								
( 10 )								
( 11 )								
( 12 )								
( 13 )								
( 14 )								
( 15 )								
( 16 )								



**Part III**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization MEMORIAL MEDICAL CENTER INC	Employer identification number 23-7013497
---------------------------------------------------------	----------------------------------------------

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		REGIONAL ENTERPRISES, INC IS THE SOLE CORPORATE MEMBER OF MEMORIAL MEDICAL CENTER, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		REGIONAL ENTERPRISES, INC MAY ELECT ONE OR MORE MEMBERS OF THE GOVERNING BODY

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 MUST GO THROUGH AN ADMINISTRATIVE REVIEW AND THEN BE APPROVED BY THE BOARD OF DIRECTORS BEFORE IT IS FILED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE COMPLIANCE OFFICER AND COMPLIANCE COMMITTEE MONITOR AND ENFORCE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	MMC PARTICIPATES IN SALARY SURVEYS SPECIFIC TO ADMINISTRATOR POSITIONS. THIS INFORMATION IS USED TO DEVELOP SALARY RANGES FOR THE ADMINISTRATIVE STAFF. THE BOARD OF DIRECTORS PARTICIPATES IN DEVELOPMENT OF RANGES AND ESTABLISHMENT OF SALARIES FOR THE THREE SENIOR LEADERS OF THE ORGANIZATION AS DESCRIBED IN CORPORATE BY LAWS AND BOARD POLICIES. ANY CHANGES TO THE BENEFIT PACKAGE MUST BE APPROVED BY THE MMC BOARD OF DIRECTORS. THE BOARD APPROVES ALL COMPENSATION CHANGES FOR THE PRESIDENT AS OUTLINED IN CORPORATE BY LAWS AND BOARD POLICIES. CHANGES IN COMPENSATION FOR THE VICE-PRESIDENTS ARE DETERMINED BY THE PRESIDENT USING RANGES ESTABLISHED AND APPROVED BY THE BOARD.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	THE FORMS ARE AVAILABLE UPON REQUEST FROM ADMINISTRATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST FROM ADMINISTRATION



Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -388,044

Identifier	Return Reference	Explanation
	FORM 990, PART XI, LINE 2C	THE ORGANIZATION HAS A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF AN INDEPENDENT ACCOUNTANT

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
MEMORIAL MEDICAL CENTER INC

Employer identification number  
23-7013497

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MEDICAL SERVICES INC  11040 N STATE ROAD 77  HAYWARD, WI 54843 39-1536207	HEALTH CARE	WI	501(C)(3)	170(B)(1)(A)(III)	REGIONAL ENTERPRISES INC	Yes	
(2) REGIONAL ENTERPRISES INC  1615 MAPLE LANE  ASHLAND, WI 54806 39-1555837	SUPPORT	WI	501(C)(3)	509(A)(3)	N/A		No
(3) REI MEDICAL CLINICS INC  1615 MAPLE LANE  ASHLAND, WI 54806 39-1701306	SUPPORT	WI	501(C)(3)	509(A)(3)	REGIONAL ENTERPRISES INC	Yes	
(4) TAMARACK PROFESSIONAL GROUP INC  1615 MAPLE LANE  ASHLAND, WI 54806 39-1198085	HEALTH CARE	WI	501(C)(3)	509(A)(3)	REGIONAL ENTERPRISES INC	Yes	
(5) MMC DEVELOPMENT CORP INC  1615 MAPLE LANE  ASHLAND, WI 54806 39-1360035	SUPPORT	WI	501(C)(3)	170(B)(1)(A)(VI)	N/A		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

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

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

Yes

Yes

Yes

Yes

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) REGIONAL ENTERPRISES INC	L	1,854,592	VALUE OF SERVICES
(2) TAMARACK PROFESSIONAL GROUP	L	1,647,136	VALUE OF SERVICES
(3) MEDICAL SERVICES	K	345,499	VALUE OF SERVICES
(4) REGIONAL ENTERPRISES INC	Q	326,058	CASH
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

**Part VII**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
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# **Memorial Medical Center, Inc.**

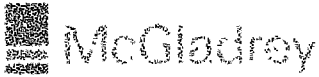
**Financial Report**

**September 30, 2011**



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## Independent Auditor's Report

To the Board of Directors  
Memorial Medical Center, Inc  
Ashland, Wisconsin

We have audited the accompanying balance sheets of Memorial Medical Center, Inc. as of September 30, 2011 and 2010, and the related statements of activities, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Memorial Medical Center, Inc. of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Duluth, Minnesota  
March 2, 2012

**Memorial Medical Center, Inc.**

**Balance Sheets**

**September 30, 2011 and 2010**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Current Assets		
Cash	\$ 285,291	\$ 1,619,520
Short-term investments (Note 3)	30,586,658	19,805,113
Current portion of assets limited as to use	-	660,000
Receivables		
Patient, less allowance for doubtful accounts of \$2,400,000 in 2011 and \$2,300,000 in 2010 (Note 6)	7,608,828	8,134,870
Related entities (Note 7)	2,754,183	2,070,415
Estimated third-party payor settlements	-	475,000
Medicaid EHR Incentive	890,477	-
Other	63,563	139,297
Current maturities of notes and advances receivable from related entities (Notes 2 and 7)	356,332	147,746
Inventories	2,016,087	2,085,670
Prepaid expenses	195,212	187,293
<b>Total current assets</b>	<b>44,756,631</b>	<b>35,324,924</b>
Assets Limited as to Use (Note 4)	613,496	7,341,508
Less current portion of assets limited as to use	-	660,000
	<b>613,496</b>	<b>6,681,508</b>
Property and Equipment (Notes 5)	60,824,749	56,006,041
Less accumulated depreciation	38,195,439	36,542,778
	<b>22,629,310</b>	<b>19,463,263</b>
Investments and Other Assets		
Notes and advances receivable from related entities, less current maturities (Notes 2 and 7)	1,070,000	485,532
Receivable from related entity (Note 7)	120,000	120,000
Debt issue costs, net of accumulated amortization	129,651	42,109
	<b>1,319,651</b>	<b>647,641</b>
	<b>\$ 69,319,088</b>	<b>\$ 62,117,336</b>

See Notes to Financial Statements

<b>Liabilities and Net Assets</b>	<b>2011</b>	<b>2010</b>
Current Liabilities		
Current maturities of long-term debt (Note 6)	\$ -	\$ 863,665
Accounts payable		
Trade	1,460,150	1,144,907
Construction	648,999	660,000
Accrued expenses		
Salaries, wages, and professional fees	442,874	341,843
Compensated absences	3,567,137	3,389,570
Payroll taxes and other	234,929	148,624
Estimated third-party payor settlements	1,780,000	2,250,000
<b>Total current liabilities</b>	<b>8,134,089</b>	<b>8,798,609</b>
Long-Term Debt, less current maturities (Note 6)	6,533,230	3,827,785
Net Assets, unrestricted	54,651,769	49,490,942
	<b>\$ 69,319,088</b>	<b>\$ 62,117,336</b>

**Memorial Medical Center, Inc.**

**Statements of Activities  
Years Ended September 30, 2011 and 2010**

	2011	2010
Net Patient Service Revenue (Note 6)	\$ 56,529,624	\$ 56,859,582
Other Operating Revenues	373,717	385,728
<b>Total operating revenues</b>	<b>56,903,341</b>	<b>57,245,310</b>
Operating Expenses		
Nursing services	14,769,905	14,409,360
Other professional services	13,975,797	13,013,974
General services	3,590,258	3,550,837
Fiscal services	3,004,642	2,639,461
Administrative services and fringe benefits	10,894,278	10,727,662
Provision for doubtful receivables	3,259,784	3,377,504
Depreciation	2,973,015	2,992,688
Interest	97,239	227,923
<b>Total operating expenses</b>	<b>52,564,918</b>	<b>50,939,409</b>
<b>Income from operations</b>	<b>4,338,423</b>	<b>6,305,901</b>
Nonoperating Gains (Losses), net	(68,073)	406,712
Medicaid EHR Incentive Payments	890,477	-
<b>Excess of revenues and gains over expenses and losses/increase in net assets</b>	<b>\$ 5,160,827</b>	<b>\$ 6,712,613</b>

See Notes to Financial Statements

**Memorial Medical Center, Inc.**

**Statements of Changes in Net Assets**  
**Years Ended September 30, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
Balance, beginning	<b>\$ 49,490,942</b>	\$ 42,778,329
Increase in net assets	<b><u>5,160,827</u></b>	<u>6,712,613</u>
Balance, ending	<b><u>\$ 54,651,769</u></b>	<u>\$ 49,490,942</u>

See Notes to Financial Statements

**Memorial Medical Center, Inc.**

**Statements of Cash Flows**  
**Years Ended September 30, 2011 and 2010**

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 5,160,827	\$ 6,712,613
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	2,973,015	2,992,688
Loss on sale of property and equipment	12,976	70
Amortization	42,109	13,651
Changes in assets and liabilities		
Receivables	(972,469)	(775,161)
Inventories	69,583	(175,911)
Prepaid expenses	(7,919)	(32,066)
Payables	315,243	(10,005)
Estimated third-party payor settlements	5,000	(225,000)
Accrued expenses	364,903	1,500
<b>Net cash provided by operating activities</b>	<b>7,963,268</b>	<b>8,502,379</b>
Cash Flows from Investing Activities		
Purchases of marketable securities	(1,273,540)	(433,306)
Proceeds from sales of marketable securities	3,741,069	333,042
(Increase) decrease in assets limited as to use, money market savings and certificates of deposit	4,259,025	(933,796)
Purchases of short-term investments	(31,089,545)	(18,140,915)
Proceeds from maturities and sales of short-term investments	20,309,458	13,134,445
Proceeds from sale of property and equipment	26,821	11,303
Purchase of property and equipment	(6,189,860)	(1,758,340)
Advances to affiliates	(1,349,385)	(350,000)
Principal payments received on notes and advances receivable	556,331	105,097
<b>Net cash used in investing activities</b>	<b>(11,009,626)</b>	<b>(8,032,470)</b>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(4,691,450)	(1,821,819)
Payment of debt issue costs	(129,651)	-
Proceeds from issuance of long-term debt	6,533,230	-
<b>Net cash provided by (used in) financing activities</b>	<b>1,712,129</b>	<b>(1,821,819)</b>
<b>Net decrease in cash</b>	<b>(1,334,229)</b>	<b>(1,351,910)</b>
Cash		
Beginning	1,619,520	2,971,430
Ending	\$ 285,291	\$ 1,619,520
Supplemental Disclosures		
Cash payments for interest	\$ 97,239	\$ 227,923
Purchase of property and equipment through construction payables	\$ 648,999	\$ 660,000

See Notes to Financial Statements

**Note 1. Nature of Organization and Significant Accounting Policies**

**Nature of organization:** Memorial Medical Center, Inc. (the Hospital) is a Wisconsin nonstock, nonprofit corporation, the purpose of which is the operation of an acute care hospital to provide high quality health care to residents of Ashland, Wisconsin and surrounding areas. Regional Enterprises, Inc. is the sole corporate member of Memorial Medical Center, Inc.

A summary of significant accounting policies follows:

**Short-term investments:** The Hospital classifies all certificates of deposit, money market savings and certain cash accounts, except those classified as assets limited as to use, as short-term investments. Short-term investments are carried at cost which approximates fair value, except for debt and equity securities which are measured at fair value.

**Patient accounts receivable:** Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients are carried at original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

**Inventories:** Inventories are stated at the lower of cost (first-in, first-out method) or market value.

**Assets limited as to use:** Assets limited as to use include assets set aside by the Board for capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes.

**Investments:** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Management has classified investments as trading securities; therefore, unrealized gains and losses are included in excess of revenues over expenses.

**Fair value measurements:** The Hospital reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* Quoted prices for identical assets or liabilities in active markets to which the Hospital has access at the measurement date.
- *Level 2* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets,
  - quoted prices for identical or similar assets in markets that are not active,
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves), and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.



## Memorial Medical Center, Inc.

### Notes to Financial Statements

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- *Level 3* Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available

When available, the Hospital measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that the Hospital is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Hospital's financial statements are

- recurring measurement of investments

**Property, equipment and depreciation:** Property and equipment is stated at cost if purchased or, if donated, at fair market value at date of donation which then becomes its cost. Depreciation is computed by the straight-line method for financial statements and third-party cost reimbursement purposes. The estimated useful lives of property and equipment are as follows:

	Years
Land improvements	10 - 15
Buildings and improvements	30 - 40
Building service equipment	15 - 20
Fixed equipment	10 - 20
Movable equipment	5 - 15

**Debt issue costs:** Debt issue costs are being amortized on the effective interest method over the life of the related debt.

**Excess of revenues and gains over expenses and losses:** The statement of activities includes excess of revenues and gains over expenses and losses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Net patient service revenue:** Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital has agreements with third-party payors which provide for reimbursement to the Hospital at amounts different from its established rates. The primary program is Medicare.

Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge. These rates vary according to the patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services related to Medicare beneficiaries are paid based on a cost reimbursement method. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the fiscal intermediary.

## Memorial Medical Center, Inc.

### Notes to Financial Statements

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Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates-per-discharge. These rates vary according to the patient classification system. Outpatient services related to Medicaid beneficiaries are paid based upon a predetermined fee schedule.

Revenue from the Medicare and Medicaid programs accounted for approximately 35.9 percent and 13.3 percent, respectively, of the Hospital's net patient revenue for 2011 and 38.4 percent and 11.3 percent, respectively, of the Hospital's net patient revenue for 2010.

The laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to Medicare and Medicaid reimbursements previously received and subject the Hospital to fines and penalties. Although no assurances can be given, management believes they have complied with the requirements of the Medicare and Medicaid programs.

The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers and health maintenance organizations. The basis for reimbursement under these agreements includes discounts from established charges and prospectively determined rates-per-discharge.

**Charity care:** The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. Total charity care based on charges was \$334,120 and \$403,071 for the years ended September 30, 2011 and 2010, respectively.

**Income taxes:** The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Not-for-profit organizations may become subject to income taxes if qualification as a tax-exempt entity changes, if unrelated business income is generated, and in certain other instances. Not-for-profit organizations are required to assess the certainty of their tax positions related to these matters and, in some cases, record liabilities for potential taxes, interest and penalties accompanied by footnote disclosures. The Hospital has not identified any uncertain tax positions that would require the accrual of an income tax provision.

Generally, the Hospital is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years before 2008.

**Self-insurance:** The Hospital is self-insured for employee dental benefits. The estimated expense from uninsured claims, including incurred but not reported claims, is accrued as losses occur.

**Subsequent events:** Management has evaluated subsequent events through March 2, 2012, the date the financial statements were available to be issued.

**Use of estimates in the preparation of financial statements:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Memorial Medical Center, Inc.****Notes to Financial Statements****Note 2. Notes and Advances Receivable**

	2011	2010
8 25% note receivable, REI Medical Clinics, Inc , due in monthly installments of \$1,394 including interest to February 2017, when the remaining balance is due, uncollateralized	\$ 72,832	\$ 83,278
Advance receivable, Regional Enterprises, Inc , due in monthly installments of \$11,458 beginning October 2010 to September 2014, collateralized by certain equipment	541,500	550,000
Advance receivable, Regional Enterprises, Inc terms to be determined after implementation of EHR medical records software	717,000	-
Advance receivable, REI Medical Clinics, Inc , amounts to be repaid from rental payments on the hospice building	95,000	-
	<u>1,426,332</u>	<u>633,278</u>
Less current maturities	<u>356,332</u>	<u>147,746</u>
	<u>\$ 1,070,000</u>	<u>\$ 485,532</u>

**Note 3. Short-Term Investments**

	2011	2010
Cash	\$ -	\$ 1,030,728
Money market savings	6,406,371	6,375,604
Equity securities	3,512,847	-
Debt securities	215,916	-
Certificates of deposit	20,451,524	12,398,781
	<u>\$ 30,586,658</u>	<u>\$ 19,805,113</u>

**Note 4. Assets Limited as to Use**

Assets limited as to use are Board designated for capital improvements. The composition of assets limited as to use at September 30, 2011 and 2010, is set forth in the following table:

	2011	2010
Money market savings	\$ 613,496	\$ 3,300,661
Certificates of deposit	-	1,571,864
Equity securities	-	2,257,624
Debt securities	-	211,359
	<u>\$ 613,496</u>	<u>\$ 7,341,508</u>

Investment income and gains (losses) for assets limited as to use, cash and short-term investments and notes receivable totaled a loss of (\$40,597) and a gain of \$426,282 for the years ended September 30, 2011 and 2010, respectively. These amounts are included in net nonoperating gains (losses) on the statement of activities.

**Memorial Medical Center, Inc.**

**Notes to Financial Statements**

As discussed in Note 1 to these financial statements, the Hospital is required to report its fair value measurements in three levels, which are based on the ability to observe in the marketplace the inputs to the Hospital's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the reporting date. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near-term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

The following summarize the levels in the fair value hierarchy of the Hospital investments at September 30, 2011 and 2010.

September 30, 2011	Level 1	Level 2	Level 3	Total
Mutual funds				
Money market funds	\$ 56,313	\$ -	\$ -	\$ 56,313
International	672,267	-	-	672,267
Large Cap	232,210	-	-	232,210
Mid Cap	301,770	-	-	301,770
Small Cap	191,456	-	-	191,456
Index Fund	136,417	-	-	136,417
Bond Funds	439,807	-	-	439,807
Growth	698,482	-	-	698,482
Other	506,750	-	-	506,750
Debt securities	-	215,916	-	215,916
Stocks	277,375	-	-	277,375
	<u>\$ 3,512,847</u>	<u>\$ 215,916</u>	<u>\$ -</u>	<u>\$ 3,728,763</u>

September 30, 2010	Level 1	Level 2	Level 3	Total
Mutual funds				
Money market funds	\$ 37,714	\$ -	\$ -	\$ 37,714
International	474,637	-	-	474,637
Large Cap	162,279	-	-	162,279
Mid Cap	207,225	-	-	207,225
Small Cap	98,087	-	-	98,087
Index Fund	85,883	-	-	85,883
Bond Funds	214,774	-	-	214,774
Growth	418,944	-	-	418,944
Other	282,733	-	-	282,733
Debt securities	-	211,359	-	211,359
Stocks	275,348	-	-	275,348
	<u>\$ 2,257,624</u>	<u>\$ 211,359</u>	<u>\$ -</u>	<u>\$ 2,468,983</u>

**Memorial Medical Center, Inc.****Notes to Financial Statements****Note 5. Property and Equipment**

	2011	2010
Land	\$ 127,376	\$ 127,376
Land improvements	2,471,318	2,460,058
Buildings and improvements	21,168,279	21,168,916
Building service equipment	13,153,970	13,096,476
Fixed equipment	1,051,190	1,051,190
Movable equipment	17,252,434	16,713,896
Construction in progress	5,600,182	1,388,129
	<u>\$ 60,824,749</u>	<u>\$ 56,006,041</u>

**Note 6. Long-Term Debt**

	2011	2010
2 63% \$10 million revenue bonds of which only \$6,533,230 has been drawn on as of September 30, 2011, with interest only payments until October 2012, then due in monthly installments of \$68,000 to September 2016, at which point the bonds are subject to a rate adjustment to LIBOR plus 2 75%, monthly installments will be adjusted to an amount sufficient to fully amortize the bonds by September 1, 2021, secured by pledged revenues and accounts receivable	\$ 6,533,230	\$ -
Revenue note payable, paid in full during 2011	-	4,691,450
	<u>6,533,230</u>	<u>4,691,450</u>
Less current maturities	-	863,665
	<u>\$ 6,533,230</u>	<u>\$ 3,827,785</u>

The Hospital has secured an additional revenue note payable in the amount of \$3,827,785 which is available as of October 5, 2011. Terms of the agreement are similar to the \$10 million revenue bonds acquired prior to year end. Proceeds will be used for the expansion of the Hospital's Medical and Surgical facilities.

Long-term debt matures during the years ending September 30, as follows:

	Amount
2012	\$ -
2013	652,002
2014	669,358
2015	687,186
2016	705,468
Thereafter	3,819,216
	<u>\$ 6,533,230</u>

## **Memorial Medical Center, Inc.**

### **Notes to Financial Statements**

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In connection with the revenue notes payable, the Hospital has agreed, among other things, to maintain the following

- A minimum debt service coverage ratio of 1.25 to 1
- At the end of each fiscal year, maintain a maximum debt to tangible net worth ratio of 1.0
- At the end of each fiscal year maintain at least 80 days of cash on hand
- Capital expenditures after September 30, 2013 are not to exceed the amount of depreciation expense incurred in the prior year with limited carry-over provisions

#### **Note 7. Related Party Transactions**

Regional Enterprises, Inc. (REI) is the sole corporate member of Memorial Medical Center, Inc., Medical Services, Inc. and REI Medical Clinics, Inc. REI also owns all of the outstanding stock of Healthcare Services, Inc.

The Hospital had notes and long-term advances receivable from REI as indicated in Note 2. The Hospital also advances funds to REI for equipment purchases and various projects. The balance of such advances was \$2,705,743 at September 30, 2011 and \$2,029,684 at September 30, 2010. REI provided services totaling \$1,854,592 during the year ended September 30, 2011 and \$1,580,479 during the year ended September 30, 2010. The Hospital paid expenses and purchased equipment for REI totaling \$326,058 during the year ended September 30, 2011 and \$305,958 during the year ended September 30, 2010. Memorial Medical Center, Inc. had a receivable classified as a noncurrent asset of \$120,000 at September 30, 2011 and 2010 from REI.

The Hospital paid expenses for and provided services to Medical Services, Inc. of \$345,499 during the year ended September 30, 2011 and \$334,088 during the year ended September 30, 2010. The Hospital had a receivable from Medical Services, Inc. of \$41,587 at September 30, 2011 and \$26,846 at September 30, 2010.

The Hospital had a note receivable from REI Medical Clinics, Inc. of \$72,832 at September 30, 2011 and \$83,278 at September 30, 2010. The Hospital had a receivable from REI Medical Clinics, Inc. for \$9,915 at September 30, 2010; there is no balance in the current year. In addition, the Hospital paid rent to REI Medical Clinics of \$24,798 in 2011 and 2010.

The Hospital has authorized MMC Development Corporation, Inc. to solicit contributions on its behalf. In the absence of donor restrictions, the Development Corporation has discretionary control over the amounts to be distributed to providers of health care services, such as the timing of such distributions and the purposes for which such funds are to be used.

Accounts receivable from other related parties amounted to \$6,853 at September 30, 2011 and \$3,970 at September 30, 2010.

#### **Note 8. Retirement Plan**

The Hospital has a defined contribution retirement plan covering substantially all employees. The Hospital contributes, on behalf of covered employees, an amount matching employee contributions up to 5 percent of employees' earnings. Total retirement plan expense was \$915,142 in 2011 and \$873,584 in 2010. The Hospital's policy is to fund pension costs on a monthly basis.

## Memorial Medical Center, Inc.

### Notes to Financial Statements

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#### Note 9. Medical Malpractice Insurance

The Hospital is covered by professional liability insurance on a claims-made basis. Losses on medical malpractice claims are estimated based on claims in excess of per claim or aggregate coverage and claims incurred but not reported during the claim year. Management estimates that no losses in excess of insurance coverage occurred during 2011 and 2010.

#### Note 10. Concentrations of Credit Risk

The Hospital is located in Ashland, Wisconsin. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. At year-end, the mix of receivables from patients and third-party payors was as follows:

	2011	2010
Medicare	15%	15%
Medicaid	10	10
Blue Cross	7	7
Other third-party payors	27	24
Patients	41	44
	<u>100%</u>	<u>100%</u>

At September 30, 2011, the Hospital has deposits in financial institutions which exceed Federal Depository Insurance limits. Management believes that credit risk related to these deposits is minimal.

#### Note 11. Functional Expenses

The Hospital provides general health care services. Expenses related to providing these services are as follows:

	2011	2010
Health care services	\$ 44,412,461	\$ 43,409,166
General and administrative	8,152,457	7,530,243
	<u>\$ 52,564,918</u>	<u>\$ 50,939,409</u>

#### Note 12. Accounting Standards Not Yet Adopted

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in this update clarify that a health care entity should not net insurance recoveries against a related claim liability. The amount of the claim liability would be determined without consideration of insurance recoveries. This ASU will be effective for fiscal year ending September 30, 2012.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*. The amendments in this update require that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. As a result of the amendments in this update, various techniques will likely be used to determine how the direct and indirect costs are identified, such as obtaining the information directly from a costing system or through reasonable estimation techniques. Therefore, the amendments in this update also require disclosure of the method used to identify or determine such costs. This ASU will be effective for fiscal year ending September 30, 2012.

## Memorial Medical Center, Inc.

### Notes to Financial Statements

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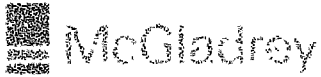
In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The amendments in this Update require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The ASU will be effective for the fiscal year ending September 30, 2013.

Management has not determined the effects, if any, that these standards will have on future financial statements.

#### **Note 13. Commitments**

The Hospital has committed to a facilities expansion and remodeling construction project. Total estimated costs to complete the project are \$11,700,000. The Hospital's intention is to fund the construction project with revenue notes. Approximately \$5,198,000 of costs have been incurred on the project and are included in construction in progress.





## **Independent Auditor's Report on the Supplementary Information**

To the Board of Directors  
Memorial Medical Center, Inc  
Ashland, Wisconsin

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

*McGladrey & Pullen, LLP*

Duluth, Minnesota  
March 2, 2012

**Memorial Medical Center, Inc.**

**Statements of Activities**  
**Years Ended September 30, 2011 and 2010**

	2011	2010
Patient Service Revenue		
Inpatient	\$ 25,531,678	\$ 25,557,310
Outpatient	63,372,855	60,687,595
Total patient service revenue	88,904,533	86,244,905
Less allowances and adjustments	32,374,909	29,385,323
Net patient service revenue	56,529,624	56,859,582
Other Operating Revenues	373,717	385,728
Total operating revenues	56,903,341	57,245,310
Operating Expenses		
Nursing services	14,769,905	14,409,360
Other professional services	13,975,797	13,013,974
General services	3,590,258	3,550,837
Fiscal services	3,004,642	2,639,461
Administrative services and fringe benefits	10,894,278	10,727,662
Provision for doubtful receivables	3,259,784	3,377,504
Depreciation	2,973,015	2,992,688
Interest	97,239	227,923
Total operating expenses	52,564,918	50,939,409
Income from operations	4,338,423	6,305,901
Nonoperating Gains (Losses), net	(68,073)	406,712
Medicaid EHR Incentive Payments	890,477	-
Excess of revenues and gains over expenses and losses/increase in net assets	\$ 5,160,827	\$ 6,712,613

**Memorial Medical Center, Inc.**

**Patient Service Revenue  
Years Ended September 30, 2011 and 2010**

	2011			2010
	Inpatient	Outpatient	Total	
<b>Daily Patient Services</b>				
Medical and surgical	\$ 3,583,444	\$ -	\$ 3,583,444	\$ 3,791,554
Mental health and treatment center	1,876,690	-	1,876,690	1,517,400
ICU - CCU	988,130	-	988,130	1,063,978
Obstetrics	647,495	-	647,495	623,093
Nursery	351,360	-	351,360	337,223
Total daily patient services	7,447,119	-	7,447,119	7,333,248
<b>Other Nursing Services</b>				
Perioperative room	4,363,594	12,105,857	16,469,451	15,973,106
Delivery room	233,800	-	233,800	199,500
Labor room	768	-	768	938
Central supplies	650,987	705,625	1,356,612	1,375,587
Emergency room	511,349	8,316,199	8,827,548	8,552,108
Total other nursing services	5,760,498	21,127,681	26,888,179	26,101,239
<b>Other Professional Services</b>				
Laboratory	2,722,593	6,627,458	9,350,051	9,440,041
Blood	140,154	105,554	245,708	286,323
Cardiac rehabilitation	-	393,345	393,345	385,175
Electrocardiography	103,457	618,577	722,034	673,187
EEG	2,644	11,887	14,531	18,535
Radiology	515,368	3,891,085	4,406,453	4,104,082
Nuclear Medicine	35,401	1,193,309	1,228,710	1,096,752
Ultrasound	348,559	2,199,493	2,548,052	2,371,437
MRI	158,576	4,418,338	4,576,914	4,651,722
CT scanner	640,407	6,517,358	7,157,765	7,077,187
Oncology	-	2,839,389	2,839,389	2,346,452
Pharmacy	3,549,995	3,907,368	7,457,363	7,465,553
Anesthesiology	1,229,175	2,546,350	3,775,525	3,761,226
Inhalation therapy	1,543,385	927,834	2,471,219	2,368,698
Rehabilitation services	554,493	2,915,796	3,470,289	3,239,468
Psychiatric and psychological services	767,286	2,621,653	3,388,939	3,118,728
Pulmonary function	-	166,370	166,370	149,316
Pain management	12,568	344,010	356,578	256,536
Total other professional services	12,324,061	42,245,174	54,569,235	52,810,418
Total patient service revenue	\$ 25,531,678	\$ 63,372,855	\$ 88,904,533	\$ 86,244,905

**Memorial Medical Center, Inc.**

**Allowances and Adjustments, Other Operating Revenues,  
and Nonoperating Gains (Losses)  
Years Ended September 30, 2011 and 2010**

	2011	2010
Allowances and Adjustments		
Allowances for		
Blue Cross	\$ 363,911	\$ 316,170
Medicare	17,914,430	14,341,791
Medicaid	11,073,546	12,227,059
Employees	363,956	348,194
Community Care	334,121	403,071
Other	2,324,945	1,749,038
Total allowances and adjustments	<u>\$ 32,374,909</u>	<u>\$ 29,385,323</u>
Other Operating Revenues		
Cafeteria	\$ 207,238	\$ 190,352
Other	25,302	16,860
Contributions, unrestricted	45,164	71,271
Rental revenue		
Medical Center offices	93,108	93,108
Other	2,905	14,137
Total other operating revenues	<u>\$ 373,717</u>	<u>\$ 385,728</u>
Nonoperating Gains (Losses)		
Investment income	\$ (40,597)	\$ 426,282
Loss on sale of property and equipment	(12,976)	(70)
Healthy Families Program loss	(14,500)	(19,500)
Net nonoperating gains (losses)	<u>\$ (68,073)</u>	<u>\$ 406,712</u>

**Memorial Medical Center, Inc.**

**Nursing and Other Professional Services Expenses**  
**Years Ended September 30, 2011 and 2010**

	2011			2010
	Salaries and Wages	Supplies and Expense	Total	
Daily Patient Services				
Administration	\$ 1,371,866	\$ 80,448	\$ 1,452,314	\$ 1,363,832
Medical and surgical	2,173,570	92,237	2,265,807	2,308,815
Mental health and treatment center	954,125	35,130	989,255	997,232
ICU - CCU	714,565	21,709	736,274	789,475
Obstetrics	1,019,038	69,103	1,088,141	977,924
Total daily patient services	6,233,164	298,627	6,531,791	6,437,278
Other Nursing Services				
Perioperative	1,675,134	2,155,919	3,831,053	3,697,873
Central supply	190,642	95,955	286,597	299,479
Emergency room	1,611,565	2,508,899	4,120,464	3,974,730
Total other nursing services	3,477,341	4,760,773	8,238,114	7,972,082
Total nursing services	\$ 9,710,505	\$ 5,059,400	\$ 14,769,905	\$ 14,409,360
Other Professional Services				
Laboratory	\$ 985,082	\$ 802,676	\$ 1,787,758	\$ 1,797,854
Blood	-	152,990	152,990	207,499
Cardiac rehabilitation	146,407	17,499	163,906	159,451
Electrocardiography	-	17,330	17,330	16,975
Radiology	1,289,125	713,343	2,002,468	1,887,055
Pharmacy	547,911	3,626,194	4,174,105	3,556,269
Anesthesiology	-	1,341,681	1,341,681	1,271,771
Inhalation therapy	582,579	102,397	684,976	637,645
Rehabilitation services	837,276	98,397	935,673	901,915
Psychiatric and psychological services	1,409,939	412,318	1,822,257	1,704,116
Medical records	660,848	59,236	720,084	712,191
Quality control	135,662	36,907	172,569	161,233
Total other professional services	\$ 6,594,829	\$ 7,380,968	\$ 13,975,797	\$ 13,013,974

**Memorial Medical Center, Inc.**

**General, Fiscal, and Administrative Services Expenses  
Years Ended September 30, 2011 and 2010**

	2011			2010
	Salaries and Wages	Supplies and Expense	Total	
<b>General Services</b>				
Dietary	\$ 835,401	\$ 217,439	\$ 1,052,840	\$ 1,020,856
Operation of plant	453,300	1,096,388	1,549,688	1,586,928
Housekeeping	685,030	68,037	753,067	704,367
Laundry	45,181	189,482	234,663	238,686
Total general services	<u>\$ 2,018,912</u>	<u>\$ 1,571,346</u>	<u>\$ 3,590,258</u>	<u>\$ 3,550,837</u>
<b>Fiscal Services</b>				
Fiscal	\$ 1,027,248	\$ 160,163	\$ 1,187,411	\$ 1,123,135
Collection fees	-	178,006	178,006	127,942
Consulting and professional fees	-	1,639,225	1,639,225	1,388,384
Total fiscal services	<u>\$ 1,027,248</u>	<u>\$ 1,977,394</u>	<u>\$ 3,004,642</u>	<u>\$ 2,639,461</u>
<b>Administrative Services</b>				
Administrative	\$ 1,336,112	\$ 834,631	\$ 2,170,743	\$ 1,907,828
Chaplain	79,555	10,129	89,684	85,732
Human resources	239,867	97,714	337,581	314,881
Social services	155,387	965	156,352	158,921
Development and marketing	136,653	156,975	293,628	280,964
Purchasing	264,087	62,389	326,476	318,211
Compliance	-	141,625	141,625	137,055
Amortization	-	42,109	42,109	13,651
Physician recruiting	-	29,773	29,773	68,874
Insurance and bonding	-	177,384	177,384	205,223
Employee benefits				
Retirement	-	915,142	915,142	873,584
Health and welfare	-	4,437,936	4,437,936	4,682,592
Payroll taxes	-	1,598,582	1,598,582	1,489,435
Workers' compensation insurance	-	177,263	177,263	190,711
Total administrative services	<u>\$ 2,211,661</u>	<u>\$ 8,682,617</u>	<u>\$ 10,894,278</u>	<u>\$ 10,727,662</u>

**Memorial Medical Center, Inc.**

**Depreciation**

**Years Ended September 30, 2011 and 2010**

	2011	2010
Land improvements	\$ 82,239	\$ 90,606
Buildings and improvements	912,187	959,944
Building service equipment	639,083	633,478
Fixed equipment	32,685	34,728
Movable equipment	1,306,821	1,273,932
Total depreciation	<u>\$ 2,973,015</u>	<u>\$ 2,992,688</u>

**Memorial Medical Center, Inc.**

**Inventories**

**September 30, 2011 and 2010**

	2011	2010
Special procedures	\$ 29,909	\$ 32,283
Dietary	24,136	22,656
X-Ray	34,869	41,685
Anesthesia	4,939	5,899
Surgery	1,314,656	1,275,331
Laboratory	101,971	103,545
Pharmacy	268,401	370,556
Pharmacy I V solutions	24,633	25,566
Central stores	64,982	65,614
Maintenance	80,993	87,749
ER Prep stock	21,953	11,070
Outpatient care	44,645	43,716
Total inventories	<u>\$ 2,016,087</u>	<u>\$ 2,085,670</u>