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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011**

**B** Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization
INGHAM REGIONAL MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 401 W GREENLAWN AVE

Room/suite

City or town, state or country, and ZIP + 4
LANSING, MI 48910

**D Employer identification number**
38-1434090

**E Telephone number**
(517) 975-7555

**G** Gross receipts $ 318,320,276

**F** Name and address of principal officer
KEVIN LANCIOTTI
401 W GREENLAWN AVE
LANSING, MI 48910

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

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

**H(c)** Group exemption number ▶

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

**J Website:** ▶ WWW IRMC ORG

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

**L** Year of formation 1942

**M** State of legal domicile MI

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
INGHAM REGIONAL MEDICAL CENTER (IRMC) IS A COMMUNITY BASED, INTEGRATED HEALTHCARE DELIVERY SYSTEM AND MAJOR TEACHING HOSPITAL LOCATED IN LANSING, MICHIGAN INGHAM IS COMPRISED OF TWO MEDICAL CENTERS AND VARIOUS AMBULATORY FACILITIES AND PROVIDES THE REGION WITH LEADING CARDIAC, ORTHOPEDIC, AND ONCOLOGY PROGRAMS INGHAM PROVIDES CARE AND TREATMENT TO THE PEOPLE OF THE MID-MICHIGAN COMMUNITY SERVING INGHAM, EATON, AND CLINTON COUNTIES WITH A COMBINED POPULATION OF 450,000 INGHAM PROVIDED CARE TO OVER 18,434 INPATIENT ADMISSIONS, PERFORMED OVER 18,938 SURGICAL PROCEDURES AND PROVIDED MORE THAN 390,000 AMBULATORY VISITS TO THE COMMUNITY

Activities & Governance

| | | | |
|---|---|---|---|
| **2** | Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 16 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 11 |
| **5** | Total number of individuals employed in calendar year 2010 (Part V, line 2a) | **5** | 2,338 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 746 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 756,635 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | -67,698 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | | | |
| **8** | Contributions and grants (Part VIII, line 1h) | 930,822 | 769,764 |
| **9** | Program service revenue (Part VIII, line 2g) | 315,975,928 | 308,505,757 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 3,407,717 | 1,391,456 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 6,558,787 | 7,642,788 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 326,873,254 | 318,309,765 |
| **Expenses** | | | |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 1,759,164 | 3,856,079 |
| **14** | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 |
| **15** | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 146,808,263 | 151,119,308 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | 173,586,798 | 168,158,795 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 322,154,225 | 323,134,182 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 4,719,029 | -4,824,417 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | | | |
| **20** | Total assets (Part X, line 16) | 266,236,280 | 251,959,021 |
| **21** | Total liabilities (Part X, line 26) | 207,943,937 | 212,875,818 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 58,292,343 | 39,083,203 |

## Part II Signature Block

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

**Sign Here**

****** 2012-08-13
Signature of officer — Date

KEVIN LANCIOTTI CFO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check if self-employed | PTIN |
|---|---|---|---|---|
| SUSAN MIENCIER | SUSAN MIENCIER | | ☐ | |

Firm's name ▶ PLANTE & MORAN PLLC — Firm's EIN ▶

Firm's address ▶ 750 TRADE CENTRE WAY STE 300
PORTAGE, MI 49002

Phone no ▶ (269) 567-4500

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

**Part III** **Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

MCLAREN HEALTH CARE CORPORATION, ALONG WITH ITS SUBSIDIARIES, WILL BE MICHIGAN'S BEST VALUE IN HEALTHCARE AS DEFINED BY QUALITY OUTCOMES AND COST

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses $ 263,825,979 including grants of $ 3,856,079 ) (Revenue $ 307,749,122 )

INGHAM REGIONAL MEDICAL CENTER (IRMC) IS A COMMUNITY BASED, INTEGRATED HEALTHCARE DELIVERY SYSTEM AND MAJOR TEACHING HOSPITAL LOCATED IN LANSING, MICHIGAN INGHAM IS COMPRISED OF TWO MEDICAL CENTERS AND VARIOUS AMBULATORY FACILITIES AND PROVIDES THE REGION WITH LEADING CARDIAC, ORTHOPEDIC, AND ONCOLOGY PROGRAMS INGHAM PROVIDES CARE AND TREATMENT TO THE PEOPLE OF THE MID-MICHIGAN COMMUNITY SERVING INGHAM, EATON, AND CLINTON COUNTIES WITH A COMBINED POPULATION OF 450,000 INGHAM PROVIDED CARE TO OVER 18,434 INPATIENT ADMISSIONS, PERFORMED OVER 18,938 SURGICAL PROCEDURES AND PROVIDED MORE THAN 390,000 AMBULATORY VISITS TO THE COMMUNITY

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

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

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

**4e** **Total program service expenses** ▶ $ 263,825,979

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | No |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | Yes | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | No |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20a | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20a | Yes | |
| b | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 20b | Yes | |

**Part IV Checklist of Required Schedules** *(continued)*

| | | | | |
|---|---|---|---|---|
| **21** | Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | **21** | Yes | |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | | No |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | | No |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | |
| **c** | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | **24c** | | |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | Yes | |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | Yes | |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **35** | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | **35** | Yes | |
| **a** | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No** | | | |
| **36** | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **36** | | No |
| **37** | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | **37** | | No |
| **38** | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O | **38** | Yes | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 140 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | 1c | Yes | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 2,338 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | 3a | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | 3b | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . | | | 4a | | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | 5a | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | 6a | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | 7a | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | | 7c | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | | 7e | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | 7f | | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | | 7g | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | 7h | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | 8 | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | | | 9a | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | | | 13a | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | | |
| c | Enter the amount of reserves on hand | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | 14a | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | 14b | | |

**Part VI** **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

## Section A. Governing Body and Management

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . . | 1a 16 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b 11 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | 2 | | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . | 3 | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? . | 5 | | No |
| 6 | Does the organization have members or stockholders? . . . . . | 6 | Yes | |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . . | 7a | Yes | |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . | 7b | Yes | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | |
| a | The governing body? . . . . . | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? . . . . . | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . . | 9 | | No |

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

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

## Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ MI

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

KEVIN LANCIOTTI
401 W GREENLAWN AVE
LANSING, MI 48910
(517) 975-7555

## 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 | | | |
| See Additional Data Table | | | | | | | | | | |
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**Part VII** **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| See Additional Data Table | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** | | | | | | | | 3,596,883 | 6,278,831 | 998,875 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 109

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| PROVIDER HEALTHNET SERVICES<br>PO BOX 671001<br>DALLAS, TX 752671001 | CODING, MED RECORD, TRANSCRIPTION AND CA | 2,356,065 |
| MSU - COMBINED TOTAL<br>MSU<br>EAST LANSING, MI 48823 | MEDICAL EDUCATION RESIDENTS AND SUPPORT | 958,357 |
| CAP-LAB PLC<br>2508 CEDAR STREET<br>LANSING, MI 48910 | PATHOLOGY AND OTHER LAB SERVICES | 744,938 |
| HATTERAS PRINTING SOLUTIONS<br>12801 PROSPECT ST<br>DEARBORN, MI 48126 | PRINTING SERVICES | 695,864 |
| CAPITAL INTERNAL MEDICINE ASSOCIATES<br>3955 PATIENT CARE WAY SUITE A<br>LANSING, MI 48911 | HOSPITAL SERVICES AND MEDICAL DIRECTORSH | 674,429 |

**2** Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 5

**Part VIII Statement of Revenue**

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns . . 1a | | | | | |
| | b Membership dues . . . . 1b | | | | | |
| | c Fundraising events . . . . 1c | | | | | |
| | d Related organizations . . . 1d | 457,501 | | | | |
| | e Government grants (contributions) 1e | | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above 1f | 312,263 | | | | |
| | g Noncash contributions included in lines 1a-1f $ | | | | | |
| | h **Total.** Add lines 1a-1f . . . . . ▶ | | 769,764 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a PATIENT SERVICES | 622110 | 307,684,179 | 307,684,179 | | |
| | b LAB | 621500 | 821,578 | 64,943 | 756,635 | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| | g **Total.** Add lines 2a–2f . . . . . ▶ | | 308,505,757 | | | |
| | 3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 1,392,667 | | | 1,392,667 |
| | 4 Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 Royalties . . . . . ▶ | | | | | |
| | | (i) Real / (ii) Personal | | | | |
| | 6a Gross Rents | 672,960 / | | | | |
| | b Less rental expenses | / | | | | |
| | c Rental income or (loss) | 672,960 / | | | | |
| | d Net rental income or (loss) . . . . . ▶ | | 672,960 | | | 672,960 |
| | | (i) Securities / (ii) Other | | | | |
| | 7a Gross amount from sales of assets other than inventory | / 9,300 | | | | |
| | b Less cost or other basis and sales expenses | / 10,511 | | | | |
| | c Gain or (loss) | / -1,211 | | | | |
| | d Net gain or (loss) . . . . . ▶ | | -1,211 | | | -1,211 |
| Other Revenue | 8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a | | | | | |
| | b Less direct expenses . . . b | | | | | |
| | c Net income or (loss) from fundraising events . . ▶ | | | | | |
| | 9a Gross income from gaming activities See Part IV, line 19 . a | | | | | |
| | b Less direct expenses . . . . . b | | | | | |
| | c Net income or (loss) from gaming activities . . ▶ | | | | | |
| | 10a Gross sales of inventory, less returns and allowances . a | | | | | |
| | b Less cost of goods sold . . b | | | | | |
| | c Net income or (loss) from sales of inventory . . ▶ | | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| | 11a OTHER OPERATING REV | 623000 | 4,489,470 | | | 4,489,470 |
| | b RECOVERY OF BAD DEBT | 900099 | 2,560,181 | | | 2,560,181 |
| | c NON-OPERATING REV | 900099 | -79,823 | | | -79,823 |
| | d All other revenue . . . . | | | | | |
| | e **Total.** Add lines 11a–11d . . . . . ▶ | | 6,969,828 | | | |
| | 12 **Total revenue.** See Instructions . . . ▶ | | 318,309,765 | 307,749,122 | 756,635 | 9,034,244 |

## 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 | 3,856,079 | 3,856,079 | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 1,831,704 | | 1,831,704 | |
| 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 | 114,957,327 | 103,215,853 | 11,741,474 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 8,298,203 | 7,333,789 | 964,414 | |
| 9 Other employee benefits | 18,321,575 | 16,192,248 | 2,129,327 | |
| 10 Payroll taxes | 7,710,499 | 7,015,232 | 695,267 | |
| a Fees for services (non-employees) Management | 135,076 | | 135,076 | |
| b Legal | 120,524 | 700 | 119,824 | |
| c Accounting | 77,624 | | 77,624 | |
| d Lobbying | 17,920 | | 17,920 | |
| e Professional fundraising services *See Part IV, line 17* | | | | |
| f Investment management fees | | | | |
| g Other | 33,044,486 | 19,837,323 | 13,207,163 | |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | 3,218,933 | 795,686 | 2,423,247 | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,412,510 | 1,240,250 | 172,260 | |
| 17 Travel | 218,815 | 148,349 | 70,466 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 167,986 | 137,381 | 30,605 | |
| 20 Interest | 5,877,923 | 22,182 | 5,855,741 | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 13,800,304 | | 13,800,304 | |
| 23 Insurance | 1,209,590 | 25 | 1,209,565 | |
| 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 SUPPLIES | 63,499,706 | 63,293,768 | 205,938 | |
| b BAD DEBTS | 19,191,228 | 19,191,172 | 56 | |
| c QAAP | 11,504,570 | 11,504,570 | | |
| d OTHER EXPENSE | 5,519,949 | 1,351,799 | 4,168,150 | |
| e EQUIPMENT RENTAL & MAIN | 5,153,282 | 5,100,041 | 53,241 | |
| f All other expenses | 3,988,369 | 3,589,532 | 398,837 | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 323,134,182 | 263,825,979 | 59,308,203 | 0 |
| 26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | | 1 | |
| | 2 | Savings and temporary cash investments | | 34,347,826 | 2 | 21,841,118 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 27,680,285 | 4 | 26,598,103 |
| | 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 | | 514,658 | 7 | 197,912 |
| | 8 | Inventories for sale or use | | 3,360,290 | 8 | 3,408,431 |
| | 9 | Prepaid expenses and deferred charges | | 547,889 | 9 | 621,405 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 283,840,195 | | | |
| | b | Less accumulated depreciation | 10b 168,527,866 | 119,383,669 | 10c | 115,312,329 |
| | 11 | Investments—publicly traded securities | | 60,502,299 | 11 | 59,264,664 |
| | 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 | | 19,899,364 | 15 | 24,715,059 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 266,236,280 | 16 | 251,959,021 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 35,043,987 | 17 | 34,052,362 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | 192,863 | 19 | 202,251 |
| | 20 | Tax-exempt bond liabilities | | 116,237,820 | 20 | 113,759,138 |
| | 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 | | 1,728,395 | 23 | 1,157,321 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | 54,740,872 | 25 | 63,704,746 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 207,943,937 | 26 | 212,875,818 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 58,292,343 | 27 | 39,083,203 |
| | 28 | Temporarily restricted net assets | | | 28 | |
| | 29 | Permanently restricted net assets | | | 29 | |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 58,292,343 | 33 | 39,083,203 |
| | 34 | Total liabilities and net assets/fund balances | | 266,236,280 | 34 | 251,959,021 |

## Part XI Reconcilliation of Net Assets

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) . . . | 1 | 318,309,765 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 323,134,182 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | -4,824,417 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 58,292,343 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | -14,384,724 |
| 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 | 39,083,203 |

## Part XII Financial Statements and Reporting

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

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

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# SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

## Public Charity Status and Public Support

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

**a** ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 11 **Total support** (Add lines 7 through 10) | | | | | | |

12 Gross receipts from related activities, etc (See instructions ) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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

## Section A. Public Support

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

## Section B. Total Support

| **Calendar year** (or fiscal year beginning in) | **(a)** 2006 | **(b)** 2007 | **(c)** 2008 | **(d)** 2009 | **(e)** 2010 | **(f)** Total |
|---|---|---|---|---|---|---|
| **9** Amounts from line 6 | | | | | | |
| **10a** Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| **b** Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| **c** Add lines 10a and 10b | | | | | | |
| **11** Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| **12** Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| **13** **Total support** (Add lines 9, 10c, 11 and 12 ) | | | | | | |

**14** **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

| | | | |
|---|---|---|---|
| **15** | Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f)) | **15** | |
| **16** | Public support percentage from 2009 Schedule A, Part III, line 15 | **16** | |

## Section D. Computation of Investment Income Percentage

| | | | |
|---|---|---|---|
| **17** | Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) | **17** | |
| **18** | Investment income percentage from **2009** Schedule A, Part III, line 17 | **18** | |

**19a** **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

**b** **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

**20** **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 38-1434090
**Name:** INGHAM REGIONAL MEDICAL CENTER

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| ROBERT WRIGHT<br>PRESIDENT & CEO - PART YEAR | 40 00 | X | | X | | | | 0 | 692,856 | 105,111 |
| E JAMES BARRETT<br>CHAIRPERSON | 1 50 | X | | X | | | | 3,100 | 10,000 | 0 |
| DAVID MCSHERRY<br>SECRETARY | 1 50 | X | | X | | | | 2,800 | 10,000 | 0 |
| PAULA CUNNINGHAM<br>BOARD MEMBER | 1 50 | X | | | | | | 1,600 | 0 | 0 |
| TICO DUCKETT<br>BOARD MEMBER | 1 50 | X | | | | | | 2,100 | 0 | 0 |
| RAMIRO GONZALEZ<br>BOARD MEMBER | 1 50 | X | | | | | | 3,100 | 0 | 0 |
| THOMAS HOISINGTON<br>BOARD MEMBER | 1 50 | X | | | | | | 1,100 | 0 | 0 |
| THERESA HUBBELL<br>BOARD MEMBER | 1 50 | X | | | | | | 1,400 | 0 | 0 |
| PHILIP INCARNATI<br>BOARD MEMBER | 1 50 | X | | | | | | 0 | 5,565,975 | 619,868 |
| CHARLES STEINBERG<br>BOARD MEMBER | 1 50 | X | | | | | | 525 | 0 | 0 |
| EVERETT ZACK<br>BOARD MEMBER | 1 50 | X | | | | | | 2,800 | 0 | 0 |
| BARBARA SAWYER-KOCH<br>BOARD MEMBER/TRUSTEE EMERI | 1 50 | X | | | | | | 300 | 0 | 0 |
| PATRICK SALOW<br>INTERIM PRESIDENT & CEO | 40 00 | X | | X | | | | 201,103 | 0 | 10,422 |
| RALPH SHAHEEN<br>BOARD MEMBER | 1 50 | X | | | | | | 3,100 | 0 | 0 |
| THOMAS ARCHAMBEAU MD<br>BOARD MEMBER - CO-CHIEF | 1 50 | X | | | | | | 16,500 | 0 | 0 |
| MEHBOOB FATTEH MD<br>BOARD MEMBER - CO-CHIEF | 1 50 | X | | | | | | 16,500 | 0 | 0 |
| DENNIS LOUNEY<br>BOARD MEMBER | 1 50 | X | | | | | | 1,400 | 0 | 0 |
| JAMES RICHARD<br>BOARD MEMBER - PART YEAR | 1 50 | X | | | | | | 1,900 | 0 | 0 |
| PATRICIA LOWRIE<br>VICE-CHAIRPERSON | 1 50 | X | | X | | | | 2,300 | 0 | 0 |
| AMIT GHOSE MD<br>BOARD MEMBER - PRIOR CO-CH | 1 50 | X | | | | | | 1,500 | 0 | 0 |
| KENNETH ELMASSIAN MD<br>BOARD MEMBER - PRIOR CO-CH | 1 50 | X | | | | | | 1,500 | 0 | 0 |
| THOMAS PETROFF<br>VP OF MED AFFAIRS | 40 00 | | | X | | | | 357,619 | 0 | 26,626 |
| CAROL JONES<br>VP OF PT CARE SERV - PART YEAR | 40 00 | | | X | | | | 196,467 | 0 | 26,886 |
| LAURIE BREWIS<br>VP OF HUMAN RESOURCES - PART YEAR | 40 00 | | | X | | | | 124,169 | 0 | 21,453 |
| KEVIN LANCIOTTI<br>CHIEF FINANCIAL OFFICER | 40 00 | | | X | | | | 172,083 | 0 | 18,860 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| FLOYD CHASSE<br>VP OF HUMAN RESOURCES - PART YEAR | 40 00 | | | X | | | | 0 | 0 | 0 |
| KRIS ALLEN<br>VP OF PT CARE SERV - PART YEAR | 40 00 | | | X | | | | 101,767 | 0 | 21,558 |
| DR DIVYAKANT GANDHI<br>PHYSICIAN | 40 00 | | | | | X | | 503,643 | 0 | 31,185 |
| DR ALONSO COLLAR<br>PHYSICIAN | 40 00 | | | | | X | | 544,968 | 0 | 31,185 |
| DR ANDREW DUDA<br>PHYSICIAN | 40 00 | | | | | X | | 442,454 | 0 | 27,280 |
| GRACE GIBBS<br>PHYSICIAN | 40 00 | | | | | X | | 440,190 | 0 | 30,178 |
| GARY ROTH<br>PHYSICIAN | 40 00 | | | | | X | | 448,895 | 0 | 28,263 |
| PAULA REICHLE<br>FORMER SR VP & CFO | 40 00 | | | | | | X | 0 | 0 | 0 |
| DEBORAH LEBLANC<br>FORMER VP OF PATIENT CARE | 40 00 | | | | | | X | 0 | 0 | 0 |
| STEVEN HIGGENBOTHAM<br>FORMER VP OF PRACTICE MGMT | 40 00 | | | | | | X | 0 | 0 | 0 |
| ED MCREE<br>FORMER CEO | | | | | | | X | 0 | 0 | 0 |

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# SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

**If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

**If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then**

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

| Name of the organization | Employer identification number |
|---|---|
| INGHAM REGIONAL MEDICAL CENTER | 38-1434090 |

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | (a) Filing Organization's Totals | (b) Affiliated Group Totals |
|---|---|---|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | |
| d Other exempt purpose expenditures | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | |
| h Subtract line 1g from line 1a If zero or less, enter -0- | | |
| i Subtract line 1f from line 1c If zero or less, enter -0- | | |

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over $500,000 | 20% of the amount on line 1e |
| Over $500,000 but not over $1,000,000 | $100,000 plus 15% of the excess over $500,000 |
| Over $1,000,000 but not over $1,500,000 | $175,000 plus 10% of the excess over $1,000,000 |
| Over $1,500,000 but not over $17,000,000 | $225,000 plus 5% of the excess over $1,500,000 |
| Over $17,000,000 | $1,000,000 |

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

## 4-Year Averaging Period Under Section 501(h)
**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)**

### Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) Total |
|---|---|---|---|---|---|
| 2a Lobbying non-taxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots non-taxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

## Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | No | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | Yes | | 17,920 |
| j | Total lines 1c through 1i | | | 17,920 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

## Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| EXPLANATION OF OTHER LOBBYING ACTIVITIES | PART II-B, LINE 1I | DUES PAID TO MHA, AHA, MICHIGAN CHAMBER OF COMMERCE, AND LANSING REGIONAL CHAMBER OF COMMERCE OF WHICH A PORTION IS DEEMED TO BE LOBBYING ACTIVITIES |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

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

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

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

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

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

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

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

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

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

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 3,847,267 | | 3,847,267 |
| b Buildings | | 185,659,903 | | 185,659,903 |
| c Leasehold improvements | | 424,965 | 112,133,564 | -111,708,599 |
| d Equipment | | 92,947,262 | 256,667 | 92,690,595 |
| e Other | | 960,798 | 56,137,635 | -55,176,837 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 115,312,329 |

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

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

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

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

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

| (a) Description | (b) Book value |
|---|---|
| (1) GOODWILL/ORG COSTS | 1,559,145 |
| (2) BOND FINANCING | 717,560 |
| (3) OTHER ASSETS | 962,754 |
| (4) INVESTMENTS IN AFFILIATE | 5,489,918 |
| (5) OTHER DEFERRED IT EQUIPMENT | 9,181,338 |
| (6) DUE FROM AFFILIATES | 921,128 |
| (7) COST REPORT SETTLEMENTS | 5,502,538 |
| (8) OTHER ACCOUNTS RECEIVABLE | 380,678 |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 24,715,059 |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| POST RETIREMENT BENEFITS | 4,853,860 |
| ACCRUED PENSION COST | 52,631,334 |
| MALPRACTICE RESERVE | 3,249,222 |
| OTHER LIABILITIES | 1,062,754 |
| DUE TO AFFILIATES | 1,907,576 |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 63,704,746 |

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

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 318,309,765 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 323,134,182 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | -4,824,417 |
| 4 | Net unrealized gains (losses) on investments | 4 | -2,534,782 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -11,849,942 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -14,384,724 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -19,209,141 |

## Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

## Part XIV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X | THE CORPORATION AND SUBSTANTIALLY ALL ITS SUBSIDIARIES ARE NONPROFIT, TAX-EXEMPT ORGANIZATIONS, ACCORDINGLY, NO TAX PROVISION IS REFLECTED IN THE CONSOLIDATED FINANCIAL STATEMENTS SOME SUBSIDIARIES ARE FOR-PROFIT CORPORATIONS INCOME TAX PROVISIONS ARE NOT MATERIAL TO THE CONSOLIDATED FINANCIAL STATEMENTS THE CORPORATION ADOPTED ACCOUNTING STANDARDS RELATED TO UNCERTAIN TAX POSITIONS AND, ACCORDINGLY, REVIEWED ALL TAX POSITIONS THE ACCOUNTING STANDARD THAT REFERS TO ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES IS EFFECTIVE FOR FISCAL YEARS BEGINNING AFTER DECEMBER 15, 2006 FOR NONPUBLIC ENTITIES THAT HOLD PUBLIC DEBT THE STANDARD ADDRESSES THE DETERMINATION OF HOW TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE RECORDED ON THE CONSOLIDATED FINANCIAL STATEMENT COMPANIES MUST RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION THE STANDARD ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES ON INCOME TAXES, AND ACCOUNTING IN INTERIM PERIODS, AND REQUIRES INCREASED DISCLOSURES THE EVALUATED POTENTIAL EXPOSURE RELATED TO UNCERTAIN TAX POSITIONS WAS FOUND TO BE IMMATERIAL THE CORPORATION IS SUBJECT TO EXAMINATION BY TAXING AUTHORITIES, HOWEVER, NO EXAMINATIONS ARE IN PROGRESS MANAGEMENT BELIEVES THE CORPORATION IS NOT SUBJECT TO TAX EXAMINATIONS FOR YEARS PRIOR TO SEPTEMBER 30, 2008 |
| PART XI, LINE 8 - OTHER ADJUSTMENTS | | MINIMUM PENSION LIABILITY ADJUSTMENT -11,312,863 LOSS ON INVESTMENT IN SUBSIDIARIES -369,306 TRANSFER TO AFFILIATES - PRACTICE ACQUISITIONS - 167,773 |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 38-1434090
**Name:** INGHAM REGIONAL MEDICAL CENTER

**Form 990, Schedule D, Part IX, - Other Assets**

| **(a)** Description | **(b)** Book value |
|---|---|
| GOODWILL/ORG COSTS | 1,559,145 |
| BOND FINANCING | 717,560 |
| OTHER ASSETS | 962,754 |
| INVESTMENTS IN AFFILIATE | 5,489,918 |
| OTHER DEFERRED IT EQUIPMENT | 9,181,338 |
| DUE FROM AFFILIATES | 921,128 |
| COST REPORT SETTLEMENTS | 5,502,538 |
| OTHER ACCOUNTS RECEIVABLE | 380,678 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493228032012

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**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

## Part I Financial Assistance and Certain Other Community Benefits at Cost

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . | 1a | Yes | |
| b | If "Yes," is it a written policy? | 1b | Yes | |
| 2 | If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year<br>☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ Generally tailored to individual hospitals | | | |
| 3 | Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year | | | |
| a | Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care<br>☐ 100% ☐ 150% ☑ 200% ☐ Other ____ % | 3a | Yes | |
| b | Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care<br>☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ % | 3b | Yes | |
| c | If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | Yes | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | No |
| 6a | Does the organization prepare a community benefit report during the tax year? | 6a | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | 6b | | No |
| | 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) | | | 6,830,490 | | 6,830,490 | 2 250 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 18,404,810 | 16,565,932 | 1,838,878 | 0 610 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | 30,792,394 | 11,089,936 | 19,702,458 | 6 480 % |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 56,027,694 | 27,655,868 | 28,371,826 | 9 340 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | 24,340 | | 24,340 | 0 010 % |
| f Health professions education (from Worksheet 5) | | | 9,840,880 | 5,774,958 | 4,065,922 | 1 340 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | 40,000 | 40,000 | | |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | 149,275 | | 149,275 | 0 050 % |
| j **Total** Other Benefits | | | 10,054,495 | 5,814,958 | 4,239,537 | 1 400 % |
| k **Total.** Add lines 7d and 7j | | | 66,082,189 | 33,470,826 | 32,611,363 | 10 740 % |

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

| | | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|---|
| 1 | Physical improvements and housing | | | | | | |
| 2 | Economic development | | | | | | |
| 3 | Community support | 95 | 11,806 | 138,658 | | 138,658 | 0 050 % |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | | | | |
| 6 | Coalition building | | | | | | |
| 7 | Community health improvement advocacy | | | | | | |
| 8 | Workforce development | | | | | | |
| 9 | Other | | | | | | |
| 10 | **Total** | 95 | 11,806 | 138,658 | | 138,658 | 0 050 % |

**Part III** **Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? | | 1 | | No |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 6,542,796 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy | 3 | 654,280 | | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | | | |

**Section B. Medicare**

| | | | | | |
|---|---|---|---|---|---|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 124,834,037 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 125,830,368 | | |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -996,331 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

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

**Part IV** **Management Companies and Joint Ventures**

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

## Part V Facility Information

### Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 2

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | INGHAM REGIONAL MEDICAL CENTER<br>401 W GREENLAWN AVENUE<br>LANSING,MI 48910 | X | X | | X | | | X | | |
| 2 | INGHAM REGIONAL MEDICAL CENTER<br>2727 S PENNSYLVANIA AVENUE<br>LANSING,MI 48910 | X | X | | X | | X | | | |
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**Part V** **Facility Information** *(continued)*

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **10**

| Name and address | Type of Facility (Describe) |
|---|---|

## 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 3C INCOME CRITERIA IS BASED UPON 200% OF THE FEDERAL POVERTY GUIDELINES PER THE FEDERAL REGISTER COLLECTIONS MAY BE CONSIDERED IF THE PATIENT HAS SUFFICIENT LIQUID ASSETS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART I, LINE 6A OUR PARENT, MCLAREN HEALTH CARE CORPORATION, PREPARES AN ANNUAL REPORT OF ITS MEMBER HOSPITALS THIS ANNUAL REPORT IS AVAILABLE ON OUR WEBSITE |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART I, LINE 7 COSTING METHODOLOGY - USED COST TO CHARGE RATIO FOR LINES 7A, B, AND C AND ACTUAL COST PER BOOKS FOR LINE 7F |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 19191228 |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART II COMMUNITY-BUILDING ACTIVITIES ARE DESIGNED AND IMPLEMENTED BASED ON COMMUNITY NEEDS ASSESSMENTS AND INPUT FROM COMMUNITY-BASED ORGANIZATIONS AND OTHER COMMUNITY STAKEHOLDERS, INCLUDING BUSINESS VENDORS, RELIGIOUS ORGANIZATIONS AND POLITICAL LEADERS EACH ORGANIZATION DEFINES ANNUAL COMMUNITY-BUILDING AND OUTREACH ACTIVITY PLANS THESE PLANS ARE DESIGNED TO ADDRESS THE SPECIFIC HEALTH PREVENTION, EDUCATION, DIAGNOSIS, TREATMENT AND FOLLOW-UP CARE REQUIREMENTS OF UNIQUE DISEASE, DEMOGRAPHIC AND GEOGRAPHIC COMMUNITIES IDENTIFIED BY ONGOING NEEDS ASSESSMENTS DESCRIBED ABOVE |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART III, LINE 4 AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE CORPORATION'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS FROM CERTAIN PAYORS WE USED OUR BAD DEBT EXPENSE PER OUR FINANCIAL STATEMENTS AND CONVERTED TO ESTIMATED COST USING OUR OVERALL COST TO CHANGE RATIO LINE 3 WAS ESTIMATED BASED ON SAMPLES OF ACCOUNTS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART III, LINE 8 COST TO CHARGE RATIO WAS USED AS DESCRIBED ABOVE ACCEPTING MEDICARE SHORTFALLS BENEFIT THE COMMUNITY BY PROVIDING HEALTHCARE TO THE THOUSANDS OF MEDICARE ENROLLEES IN THE COMMUNITY WHO NEED HOSPITAL SERVICES |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART III, LINE 9B AT THIS TIME WE DO NOT HAVE A FORMAL DEBT COLLECTION POLICY CURRENTLY OUR PROCESS INCLUDES SENDING OUR SELF AND PRIVATE PAY PATIENT ACTIVITY TO AN OUTSIDE VENDOR FOR FOLLOW-UP AND ASSISTANCE FOR THE PATIENT SELF PAY PATIENTS REQUESTING FINANCIAL ASSISTANCE AT REGISTRATION ARE GIVEN A FINANCIAL ASSISTANCE APPLICATION WHICH IS THEN EVALUATED TO DETERMINE IF CHARITY CARE IS APPLICABLE AN ATTEMPT IS ALSO MADE AT THAT TIME TO ASSIST PATIENTS WHO MEET MEDICAL ELIGIBILITY REQUIREMENTS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART VI, LINE 2 PRIMARY AND SECONDARY MARKET RESEARCH IS CONDUCTED BY AND THROUGH COMMUNITY-BASED HEALTH COALITIONS, ACADEMIC INSTITUTIONS, THIRD PARTY DATA ANALYTICS ORGANIZATIONS, HEALTH NEEDS ASSESSMENTS AND SURVEYS, HISTORIC HEALTH SERVICES UTILIZATION PATTERNS, DEMOGRAPHIC ANALYSIS AND POPULATION-BASED HEALTH CARE SERVICES UTILIZATION FORECASTS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | PART VI, LINE 3 FINANCIAL ASSISTANCE INFORMATION AND APPLICATIONS ARE PROVIDED AT ALL INPATIENT AND OUTPATIENT REGISTRATION POINTS-OF-SERVICE INFORMATION AND EDUCATION IS ALSO AVAILABLE THROUGH THE ORGANIZATIONS WEBSITE(S) ORGANIZATION AND ITS SUBSIDIARIES/AFFILIATES ALSO PROVIDE SPECIALLY-TRAINED COUNSELORS TO ASSIST PATIENTS AND REVIEW ELIGIBILITY FOR FEDERAL, STATE AND OTHER GOVERNMENT PROGRAMS, INCLUDING, BUT NOT LIMITED TO, MEDICAID, DISABILITY, SOCIAL SECURITY, AND ANY OTHER FORMS OF THIRD PARTY PAYMENT |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 4 THE SERVICE AREA OF INGHAM REGIONAL MEDICAL CENTER IS COMPOSED OF 51 ZIP CODES AND IS CENTERED PRINCIPALLY ON THE CITY OF LANSING, MI IN THE COUNTY OF INGHAM THE PRIMARY SERVICE AREA, ACCOUNTING FOR 92% OF ANNUAL INPATIENT DISCHARGES, IS COMPOSED OF 27 ZIP CODES AND CAN BE CHARACTERIZED AS LARGELY URBAN IN NATURE THE SECONDARY SERVICE AREA, ACCOUNTING FOR 8% OF ANNUAL INPATIENT DISCHARGES, IS COMPOSED OF 24 ZIP CODES AND CAN BE CHARACTERIZED AS A COMBINATION OF URBAN AND RURAL IN NATURE PRIMARY SERVICE AREA DEMOGRAPHIC DISTRIBUTIONSAGE DISTRIBUTION0 - 14 18 2%15 - 17 4 1%18 - 24 14 2%25 - 34 12 9%35 - 54 26 6%55 - 64 12 0%65+ 11 9%EDUCATION LEVELLESS THAN HIGH SCHOOL 2 6%SOME HIGH SCHOOL 5 6%HIGH SCHOOL DEGREE 26 8%SOME COLLEGE/ASSOC DEGREE 34 2%BACHELORS DEGREE OR GREATER 30 6% HOUSEHOLD INCOME DISTRIBUTION<$15K 12 4%$15 - 25K 11 0%$25 - 50K 27 9%$50 - 75K 20 7%$75 - 100K 12 7%OVER $100K 15 3%RACE/ETHNICITYWHITE NON-HISPANIC 81 2%BLACK NON-HISPANIC 7 8%HISPANIC 5 0%ASIAN & PACIFIC IS NON-HISPANIC 3 2%ALL OTHERS 2 8% |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 6 THE PARENT ORGANIZATION AND EACH OF ITS SUBSIDIARY/AFFILIATE MEMBERS MAINTAIN A LOCAL COMMUNITY-BASED BOARD WITH POWERS, RESPONSIBILITIES AND ACCOUNTABILITIES FOR THE OVERSIGHT OF THE OPERATION OF THEIR RESPECTIVE ORGANIZATIONS EACH SUBSIDIARY/AFFILIATE ORGANIZATION MAINTAINS AN OPEN MEDICAL STAFF ALLOWING ANY PHYSICIAN OR OTHER CARE PROVIDER WITH PROPER CREDENTIALS TO JOIN THE STAFF AND PROVIDE APPROVED CARE THE ORGANIZATION FUNDS AND MAINTAINS OVER 500 MEDICAL RESIDENCY AND FELLOWSHIP PROGRAMS TO TRAIN FUTURE GENERATIONS OF PHYSICIANS, ORGANIZATION FUNDS, OPERATES AND MAINTAINS NUMEROUS HEALTH CARE EDUCATION PROGRAMS AT THE HIGH SCHOOL, COMMUNITY COLLEGE, UNIVERSITY AND POST-GRADUATE LEVELS OF EDUCATION ORGANIZATION PROVIDES SPONSORSHIP (FINANCIAL AND IN-KIND RESOURCES) SUPPORT TO COMMUNITY-LEVEL ACTIVITIES (HEALTH WALKS AND RACES, FITNESS TRAINING, DISEASE AWARENESS EVENTS, CULTURAL EVENTS AND OTHER HEALTH-RELATED NON-PROFIT ACTIVITIES, EVENTS AND ORGANIZATIONS) ORGANIZATION ALSO DIRECTS, FUNDS, SUPPORTS AND PARTICIPATES IN FUNDRAISING ACTIVITIES THAT SUPPORT HEALTH PREVENTION/EDUCATION, DIAGNOSIS AND TREATMENT PROVIDED BY OTHER NON-PROFIT COMMUNITY ORGANIZATIONS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 7 THE ROLE OF THE PARENT ORGANIZATION IS TO SET THE VISION AND STRATEGIC DIRECTION FOR THE ORGANIZATION AS A WHOLE THIS INCLUDES THE DEVELOPMENT OF THE ANNUAL STRATEGIC PLAN WHICH DEFINES THE STRATEGIC PRIORITIES FOR THE ORGANIZATION AND ITS MEMBERS, THE METRICS TO BE MEASURED FOR EACH STRATEGIC PROGRAMS AND THE BENCHMARK OR TARGET/GOALS FOR EACH METRIC STRATEGIC PRIORITIES DIRECTLY ADDRESS AND MEASURE (AT A SUBSIDIARY LEVEL) CLINICAL QUALITY AND CLINICAL OUTCOMES, PATIENT, PHYSICIAN, EMPLOYEE AND COMMUNITY SATISFACTION WITH THE ORGANIZATION AND ITS SUBSIDIARY/AFFILIATE MEMBERS, AND DEVELOPMENT OF NEW SERVICES TO IMPROVE ACCESS TO, QUALITY OF, AND COST OF HEALTH SERVICES THE ROLE OF THE ORGANIZATIONS SUBSIDIARIES/AFFILIATES IS THE DEVELOPMENT AND IMPLEMENTATION OF ANNUAL STRATEGIC AND OPERATIONAL PLANS THAT SUPPORT AND ADVANCE THE STRATEGIC PLAN OF THE PARENT ORGANIZATION ALL LOCAL PLANS ARE DEVELOPED AND DESIGNED TO REFLECT THE UNIQUE POPULATION-BASED HEALTH CARE NEEDS AND REQUIREMENTS OF THE COMMUNITIES SERVED BY THE SUBSIDIARY/AFFILIATE ORGANIZATION ALL LOCAL SUBSIDIARIES/AFFILIATES HAVE FULL AUTHORITY AND DECISION-MAKING POWERS TO DEFINE AND EXECUTE THE STRATEGIC AND OPERATIONAL PLANS INTENDED TO IMPROVE THE HEALTH AND WELFARE OF THE COMMUNITIES THEY SERVE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| REPORTS FILED WITH STATES | PART VI, LINE 7 | MI |

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

## Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

## Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| (1) EAST LANSING ART FESTIVAL410 ABBOTT BOARD EAST LANSING,MI 48912 | 38-6004674 | GOVERNMENT | 12,000 | | N/A | N/A | SPONSORSHIP |
| (2) EATON RAPIDS MEDICAL CENTER FDN 1500 SOUTH MAIN ST EATON RAPIDS,MI 48827 | 38-1559180 | 501(C)(3) | 27,500 | | N/A | N/A | GENERAL SUPPORT |
| (3) MICHIGAN STATE UNIVERSITY1 FEE HALL EAST LANSING,MI 48823 | 38-6005984 | GOVERNMENT | 7,275 | | N/A | N/A | GENERAL SUPPORT |
| (4) AMERICAN CANCER SOCIETY20450 CIVIC CENTER DR SOUTHFIELD,MI 48076 | 13-1788491 | 501(C)(3) | 10,000 | | N/A | N/A | SPONSORSHIP |
| (5) GREATER LANSING FOOD BANK5303 SOUTH CEDAR ST LANSING,MI 48911 | 38-2424756 | 501(C)(3) | 31,500 | | N/A | N/A | GENERAL SUPPORT & SPONSORSHIP |
| (6) MEMORIAL HEALTHCARE FOUNDATION826 WEST KING ST OWOSSO,MI 48867 | 38-3036586 | 501(C)(3) | 8,500 | | N/A | N/A | SPONSORSHIP |
| (7) MCLAREN MEDICAL MANAGEMENT INC401 S BALLENGER HWY FLINT,MI 48532 | 38-2988086 | 501(C)(3) | 2,207,843 | | N/A | N/A | GENERAL SUPPORT |
| (8) HAYES GREEN BEACH 321 EAST HARRIS STREET CHARLOTTE,MI 48813 | 38-2007629 | 501(C)(3) | 30,000 | | N/A | N/A | GENERAL SUPPORT |
| (9) LANSING 150 FOUNDATION2425 E GRAND RIVER SUITE 1 LANSING,MI 48933 | 26-1860399 | 501(C)(3) | 12,500 | | N/A | N/A | GENERAL SUPPORT |
| (10) LANSING ENTERTAINMENT & PUBLISHING FACILITIES AUTHORITY333 EAST MICHIGAN AVE LANSING,MI 48933 | 38-3280174 | GOVERNMENT | 10,000 | | N/A | N/A | SPONSORSHIP |
| (11) MCLAREN HEALTH CARE CORPORATION401 S BALLENGER HWY FLINT,MI 48532 | 38-2397643 | 501(C)(3) | 1,498,961 | | | | PROGRAM SUPPORT |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 11

3 Enter total number of other organizations . . . . . ▶ 0

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

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 REQUESTS FOR FUNDS ARE REVIEWED BY THE SENIOR DIRECTOR OF FINANCE, CFO, AND CEO FOR CONSISTENCY WITH THE ORGANIZATION'S MISSION AND PURPOSE FUNDS ARE DISTRIBUTED TO 501(C)(3) ORGANIZATIONS, TYPICALLY FOR GENERAL SUPPORT PURPOSES |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

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

**▶ Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

## Part I Questions Regarding Compensation

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

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

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

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) ROBERT WRIGHT | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 528,654 | 0 | 164,202 | 88,908 | 16,203 | 797,967 | 0 |
| (2) PHILIP INCARNATI | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 1,314,422 | 1,231,316 | 3,020,237 | 612,326 | 7,542 | 6,185,843 | 0 |
| (3) PATRICK SALOW | (i) | 144,744 | 56,359 | 0 | 9,250 | 1,172 | 211,525 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) THOMAS PETROFF | (i) | 357,619 | 0 | 0 | 9,250 | 17,376 | 384,245 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) CAROL JONES | (i) | 196,467 | 0 | 0 | 9,823 | 17,063 | 223,353 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) KEVIN LANCIOTTI | (i) | 172,083 | 0 | 0 | 8,604 | 10,256 | 190,943 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) DR DIVYAKANT GANDHI | (i) | 503,643 | 0 | 0 | 12,250 | 18,935 | 534,828 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) DR ALONSO COLLAR | (i) | 419,968 | 125,000 | 0 | 12,250 | 18,935 | 576,153 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) DR ANDREW DUDA | (i) | 442,454 | 0 | 0 | 12,250 | 15,030 | 469,734 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) GRACE GIBBS | (i) | 329,028 | 111,162 | 0 | 12,250 | 17,928 | 470,368 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) GARY ROTH | (i) | 396,440 | 52,455 | 0 | 12,250 | 16,013 | 477,158 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ( 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 |
|---|---|---|
| | PART I, LINE 1A | THE CEO/EXECUTIVE DIRECTOR WAS COMPENSATED BY A RELATED ORGANIZATION, AND THEREFORE NONE OF THE LINE 1 BOXES HAVE BEEN CHECKED THE CORPORATE CEO, SUBSIDIARY CEO'S AND CORPORATE VICE-PRESIDENTS IN SOME INSTANCES HAVE RECEIVED TAX INDEMNIFICATION FOR THE FOLLOWING BENEFITS VEHICLE COSTS, GROUP TERM LIFE INSURANCE, SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS, AND HEALTH CLUB OR SOCIAL DUES THESE BENEFITS HAVE BEEN INCLUDED IN TAXABLE COMPENSATION THE FOLLOWING INDIVIDUAL HAS RECEIVED THESE BENEFITS ROBERT WRIGHT AND PHILIP INCARNATI |
| | PART I, LINE 4B | MCLAREN MAINTAINS TWO SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS FOR A SELECT GROUP OF MANAGEMENT OR HIGHLY COMPENSATED EMPLOYEES (THE "SERPS") THE OLD SERP WAS CLOSED TO NEW PARTICIPANTS ON OCTOBER 1, 2006, AND THE NEW SERP BECAME EFFECTIVE AS OF JANUARY 1, 2007 NO EMPLOYEE MAY PARTICIPATE IN BOTH OF THE SERPS THE OLD SERP IS STRUCTURED AS A DEFINED BENEFIT PLAN THAT ESSENTIALLY REPLACES THE BENEFITS THE PARTICIPANT IS NOT PERMITTED TO RECEIVE UNDER MCLAREN'S QUALIFIED RETIREMENT PLAN DUE TO IRS LIMITATIONS APPLICABLE TO QUALIFIED PLANS THE BENEFIT UNDER THE OLD SERP IS PAYABLE IN EITHER THE FORM OF A SINGLE SUM DISTRIBUTION OR IN MONTHLY PAYMENTS EQUAL TO THE ACTUARIAL EQUIVALENT OF THE PARTICIPANT'S ACCRUED BENEFIT THE BENEFIT IS PAID AT AGE 55, AND IF THE PARTICIPANT REMAINS EMPLOYED, THE BENEFIT IS PAID UPON TERMINATION OF EMPLOYMENT, REDUCED TO TAKE INTO ACCOUNT THE BENEFIT PREVIOUSLY PAID THE NEW SERP IS STRUCTURED AS A DEFINED CONTRIBUTION PLAN, AND MCLAREN CONTRIBUTES 15 PERCENT OF EACH PARTICIPANT'S COMPENSATION TO THE PLAN EACH YEAR FOR ALLOCATION TO THE PARTICIPANT'S ACCOUNT PARTICIPANTS IN THE NEW SERP BECOME VESTED IN THEIR ACCOUNTS UPON THE EARLIER OF FIVE YEARS OF PARTICIPATION IN THE PLAN OR ATTAINMENT OF AGE 60 PARTICIPANTS IN THE NEW SERP SELF-DIRECT THE INVESTMENT OF THEIR ACCOUNTS AND HAVE THE ACTUAL INVESTMENT RETURN CREDITED OR DEBITED TO THEIR ACCOUNTS THE BENEFIT UNDER THE NEW SERP IS EQUAL TO THE PARTICIPANT'S ACCOUNT BALANCE, AND THE BENEFIT IS PAID IN A SINGLE SUM WITHIN 60 DAYS OF THE PARTICIPANT'S TERMINATION DATE BENEFITS UNDER BOTH SERPS ARE PROVIDED ON A TAX-NEUTRAL BASIS BOTH SERPS ARE DESIGNED TO COMPLY WITH INTERNAL REVENUE CODE SECTIONS 457(F) AND 409A THE INDIVIDUALS LISTED IN PART VII WHO PARTICIPATED IN THE OLD SERP ARE PHILIP INCARNATI AND ROBERT WRIGHT THERE ARE NO INDIVIDUALS LISTED IN PART VII WHO PARTICIPATED IN THE NEW SERP |
| | PART I, LINE 6 | MCLAREN HEALTH CARE CORPORATION (MHCC) HAS A LEADERSHIP INCENTIVE PROGRAM FOR LEADERS OF THE CORPORATION, SUBSIDIARY EXECUTIVES AND DIRECTORS, AND CORPORATE MANAGERS THE PURPOSE OF THE PLAN IS TO ENHANCE THE ORGANIZATION'S ABILITY TO ACHIEVE ITS GOALS BY PROVIDING TOP OFFICIALS AND THE BOARD OF DIRECTORS WITH A TOOL FOR (A) CLEARLY COMMUNICATING PERFORMANCE ON THE PART OF KEY LEADERS, (B) STIMULATING AND REWARDING SUPERIOR LEVELS OF PERFORMANCE ON THE PART OF KEY LEADERS WHICH WILL ULTIMATELY BENEFIT THE COMMUNITIES MHCC SERVES, AND (C) PROTECTING MHCC'S ABILITY TO COMPETE WITH OTHER EMPLOYERS FOR HIGH-TALENT LEADERS |
| SUPPLEMENTAL INFORMATION | PART III | SCH J, PART I, LINE 3 THE CEO/EXECUTIVE DIRECTOR WAS COMPENSATED BY A RELATED ORGANIZATION, AND THEREFORE NONE OF THE LINE 3 BOXES HAVE BEEN CHECKED THE RELATED ORGANIZATION USED THE FOLLOWING METHODOLOGIES TO ESTABLISH THE COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR OF THE FILING ORGANIZATION COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, FORM 990 OF OTHER ORGANIZATIONS, WRITTEN EMPLOYMENT CONTRACT, COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE |

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

## Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

## Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

| (a) Name of interested person and purpose | (b) Loan to or from the organization? To | (b) Loan to or from the organization? From | (c) Original principal amount | (d) Balance due | (e) In default? Yes | (e) In default? No | (f) Approved by board or committee? Yes | (f) Approved by board or committee? No | (g) Written agreement? Yes | (g) Written agreement? No |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) CAPITAL INTERNAL MEDICINE ASSOCIATES<br>DR GHOSE, OWNERSHIP OF CIMA, LOANS ARE FOR RECRUITMENT | | X | 50,000 | 8,333 | | No | | No | Yes | |
| (2) CAPITAL INTERNAL MEDICINE ASSOCIATES<br>DR GHOSE, OWNERSHIP OF CIMA, LOANS ARE FOR RECRUITMENT | | X | 35,000 | 27,391 | | No | | No | Yes | |
| (3) CAPITAL INTERNAL MEDICINE ASSOCIATES<br>DR GHOSE, OWNERSHIP OF CIMA, LOANS ARE FOR RECRUITMENT | | X | 36,802 | 23,002 | | No | | No | Yes | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total . . . . . ▶ $ | | | | 58,726 | | | | | | |

## Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV** **Business Transactions Involving Interested Persons.**

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

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

**Part V** **Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 38-1434090
**Name:** INGHAM REGIONAL MEDICAL CENTER

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction $ | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| CAPITAL INTERNAL MEDICINE ASSOCIATES | DR AMIT GHOSE, DO, CURRENT/FORMER CHIEF OF STAFF AND PART OWNER OF CIMA | 674,429 | LEASE OF OFFICE SPACE MED DIRECTORSHIPS AND OTHER HEALTHCARE SERVICES | | No |
| CAPITAL AREA PATHOLOGISTS | DR JAMES RICHARD, BOARD MEMBER AND PART OWNER OF CAPITAL AREA PATHOLOGISTS | 915,021 | MEDICAL DIRECTOR, PATHOLOGY AND OTHER HEALTHCARE SERVICES | | No |
| ANTHELIO (FORMERLY PHNS) | PHILIP INCARNATI, BOARD MEMBER OF PHNS | 2,356,065 | MHCC IS THE CO-FOUNDER AND HAS A MINORITY INTEREST IN PHNS AS PART OF THE AGREEMENT MHCC IS ENTITLED TO APPOINT TWO DIRECTORS TO THE PNHS BOARD MHCC APPOINTED JAMES FITZGERALD AND PHILIP INCARNATI TO HOLD THOSE POSITIONS | | No |
| CAPITAL AREA PATHOLOGISTS | DR MEHBOOB FATTEH, CURRENT CO-CHIEF OF STAFF AND PART OWNER OF CAP | 915,021 | MEDICAL DIRECTOR, PATHOLOGY AND OTHER HEALTHCARE SERVICES | | No |
| MEDICAL STAFFING NETWORK | PHILIP INCARNATI, BOARD MEMBER OF MEDICAL STAFFING NETWORK | 435,090 | FEES PAID FOR TEMPORARY MEDICAL STAFFING | | No |
| LANSING ANESTHESIA PC | DR KENNETH ELMASSIAN, DO, FORMER CHIEF OF STAFF AND PART OWNER OF LAPC | 120,000 | MEDICAL DIRECTOR, ANESTHESIA, AND OTHER HEALTHCARE SERVICES | | No |
| ANGELA TISDALE | SISTER-IN-LAW OF THERESA HUBBELL, BOARD MEMBER | 84,675 | COMPENSATION | | No |

| efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493228032012 |
|---|---|---|

**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**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, SECTION A, LINE 6 | | THE SOLE MEMBER OF THIS ORGANIZATION IS MCLAREN HEALTH CARE CORPORATION |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| FORM 990, PART VI, SECTION A, LINE 7A | | THE MEMBER SHALL HAVE THE EXCLUSIVE RIGHT TO ELECT OR APPOINT THE DIRECTORS OF THE CORPORATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, SECTION A, LINE 7B | | DECISIONS BY THE GOVERNING BODY ARE SUBJECT TO THE POWERS OF THE MEMBER |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, SECTION B, LINE 11 | | THE FORM 990 DATA IS PREPARED INTERNALLY AND SUBMITTED TO OUR AUDITING FIRM FOR RETURN PREPARATION ONCE THE RETURNS HAVE BEEN COMPLETED, THE FORMS ARE REVIEWED BY THE CORPORATE DIRECTOR OF BUDGET, THE CORPORATE SENIOR VICE PRESIDENT AND CFO OF MCLAREN HEALTH CARE CORPORATION (MHCC) COPIES OF THE RETURNS ARE MADE AVAILABLE TO THE MHCC BOARD MEMBERS, WHO SERVE AS THE OVERALL GOVERNING BOARD RETURNS ARE AVAILABLE FOR ALL CORPORATIONS OF WHICH MHCC IS THE SOLE MEMBER AS WELL AS OTHER RELATED ENTITIES OF THOSE CORPORATIONS FOR REVIEW RATHER THAN HAVING THE LOCAL BOARDS REVIEW THE RETURNS THE BOARD OF MHCC IS THE ULTIMATE ACCOUNTABLE ORGANIZATION FOR THE SYSTEM, AS SUCH IT IS THE OVERALL GOVERNING BOARD OF OUR SYSTEM WHOSE RESPONSIBILITIES INCLUDES BUT ARE NOT LIMITED TO APPROVING ALL SUBSIDIARY BOARD MEMBERS, FINANCIAL BUDGETS, AND ISSUANCE OF DEBT |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION B, LINE 12C | THE CORPORATE COMPLIANCE DEPARTMENT, IN ACCORDANCE WITH THE MCLAREN HEALTH CARE (MHC) BOARD CONFLICT OF INTEREST POLICY, ANNUALLY DISTRIBUTES THE CONFLICT OF INTEREST DISCLOSURE SURVEY TO ALL MHC CORPORATE AND SUBSIDIARY ORGANIZATION BOARD MEMBERS, EXECUTIVES AND OTHER LEADERSHIP EMPLOYEES THE CORPORATE COMPLIANCE DEPARTMENT THROUGH THE GOVERNANCE COMMITTEE, COMPILES AND ANALYZES SURVEY DATA BY ORGANIZATION, INVESTIGATES, AND REVIEWS POTENTIAL CONFLICTS WITH THE ORGANIZATION'S CEO AND BOARD CHAIR, AND WHEN NECESSARY, RECOMMENDS ACTIONS TO BE TAKEN TO RESOLVE IDENTIFIED CONFLICTS A COMPLETE REPORT OF ALL CORPORATE AND SUBSIDIARY BOARD MEMBER AND EXECUTIVE DISCLOSURES, CONFLICTS IDENTIFIED AND ACTIONS TAKEN IS REVIEWED BY THE MHC GOVERNANCE COMMITTEE AND EACH SUBSIDIARY CEO AND BOARD CHAIR RECEIVES A REPORT SPECIFIC TO THEIR ORGANIZATION'S BOARD MEMBERS AND EXECUTIVES CONFLICTS ARE DISCLOSED TO THE FULL BOARD AND BOARD COMMITTEES SO APPROPRIATE ACTIONS CAN BE TAKEN ACTIONS MAY INCLUDE PROHIBITING A BOARD MEMBER FROM PARTICIPATING IN DELIBERATIONS INVOLVING TRANSACTIONS WITH A COMPANY WITH WHICH THEY CONDUCT FINANCIAL TRANSACTIONS, BOARD MEMBERS FAILING TO COMPLETE A DISCLOSURE SURVEY OR INTENTIONALLY FAILING TO REPORT A KNOWN CONFLICT OF INTEREST ARE ASKED TO RESIGN |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION B, LINE 15 | THE COMPENSATION OF THE CEO IS DETERMINED BY THE COMPENSATION COMMITTEE OF MCLAREN HEALTH CARE CORPORATION BASED UPON THE PERFORMANCE OF THE CEO THE COMPENSATION OF THE CEO IS WITHIN THE SALARY RANGES DETERMINED BY THE COMPENSATION COMMITTEE OF MCLAREN HEALTH CARE CORPORATION THE PROCESS OF THE COMPENSATION COMMITTEE IS AS FOLLOWS THE COMPENSATION COMMITTEE IS APPOINTED BY THE BOARD OF DIRECTORS TO REVIEW THE PERFORMANCE AND RECOMMEND THE TOTAL COMPENSATION PACKAGE OF THE MCLAREN HEALTHCARE CORPORATION'S CEO'S TO THE BOARD FURTHER THE COMMITTEE ESTABLISHES THE SALARY RANGES AND PREREQUISITES OF THE CORPORATION'S OTHER MOST HIGHLY COMPENSATED OFFICERS (MHC VICE-PRESIDENTS AND MHC HOSPITAL/SUBSIDIARIES CEO'S) TO THE BOARD THE MEMBERS OF THE COMMITTEE MUST MEET THE INDEPENDENCE REQUIREMENTS OF THE APPLICABLE PROVISIONS OF SECTION 4958 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND FINAL TREASURY REGULATIONS SECTION 53 4956-6(C)(1)(III) THE COMMITTEE RETAINS THE SERVICES OF AN INDEPENDENT FIRM WITH SIGNIFICANT QUALIFICATIONS AND EXPERIENCE TO CONDUCT A REVIEW OF THE CORPORATION'S EXECUTIVE COMPENSATION PROGRAM THE RETAINED FIRM UTILIZES APPROPRIATE COMPENSATION COMPARABILITY DATA THE RETAINED FIRM CONDUCTS ANALYSIS OF THE COMPETITIVENESS OF THESE PROGRAMS AND EXPRESSES AN OPINION AS TO THE REASONABLENESS OF THESE COMPENSATION PROGRAMS ALL DATA UTILIZED BY THE COMMITTEE, DELIBERATIONS OF THE COMMITTEE, AND FINAL COMPENSATION DECISIONS BY THE COMMITTEE ARE DOCUMENTED IN FORMAL REPORTS AND MINUTES THE CORPORATE COMPENSATION COMMITTEE WORKS UNDER AND PERIODICALLY RENEWS THE MCLAREN HEALTH CARE CORPORATION COMPENSATION COMMITTEE CHARTER AND MCLAREN HEALTH CARE CORPORATION COMPENSATION PHILOSOPHY FOR SUBSIDIARY VICE PRESIDENTS AND DIRECTORS, THE CORPORATE HUMAN RESOURCES COMMITTEE COORDINATES THE GATHERING OF MARKET INFORMATION FROM A NUMBER OF INDEPENDENT SOURCES THIS DATA IS ANALYZED ALONG WITH EXPECTED BUDGETARY GUIDELINES THE CORPORATE VICE PRESIDENT OF HUMAN RESOURCES DETERMINES THE AMOUNT, IF ANY, THAT PAY RANGES INCREASE THE MOST RECENT YEAR THIS PROCESS WAS UNDERTAKEN WAS 2011 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION C, LINE 19 | ALL DOCUMENTS ARE AVAILABLE UPON REQUEST |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VII | ROBERT WRIGHT, PATRICK SALOW, AND PHILIP INCARNATI EACH WORKED AN AVERAGE OF 40 HOURS PER WEEK AT MCLAREN HEALTH CARE CORPORATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED LOSSES ON INVESTMENTS -2,534,782 MINIMUM PENSION LIABILITY ADJUSTMENT -11,312,863 LOSS ON INVESTMENT IN SUBSIDIARIES -369,306 TRANSFER TO AFFILIATES - PRACTICE ACQUISITIONS -167,773 TOTAL TO FORM 990, PART XI, LINE 5 - 14,384,724 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART XII, LINE 2C | THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
INGHAM REGIONAL MEDICAL CENTER

**Employer identification number**
38-1434090

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| See Additional Data Table | | | | | | | |
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**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) Disproportionate allocations? Yes | (h) Disproportionate allocations? No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) General or managing partner? No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** MCLAREN - NORTHERN EQUITIES CANCER CENTER PROJECT LLC<br><br>39000 COUNTRY CLUB DRIVE<br>FARMINGTON HILLS, MI48331<br>26-3112935 | RENTAL REAL ESTATE | MI | N/A | | | | | | | | | |
| **(2)** MOUNT CLEMENS REGIONAL HEALTH BUILDING HEALTH PARTNERS<br><br>1000 HARRINGTON ST<br>MOUNT CLEMENS, MI48043<br>26-2524717 | BUILDING MANAGEMENT | MI | N/A | | | | | | | | | |
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**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| **(1)** HEALTH ADVANTAGE INC<br>G3245 BEECHER ROAD<br>FLINT, MI48532<br>91-2141720 | HEALTH CARE SERVICES | MI | N/A | C | | | |
| **(2)** CLARKSTON PROPERTY ASSOCIATES<br>50 NORTH PERRY STREET<br>PONTIAC, MI48342<br>43-2006072 | REAL ESTATE | MI | N/A | C | | | |
| **(3)** HOSPITAL HEALTH CARE INC<br>50 NORTH PERRY STREET<br>PONTIAC, MI48342<br>38-2643070 | HEALTH CARE | MI | N/A | C | | | |
| **(4)** PHYSICIAN ORGANIZED HEALTHCARE SYSTEM<br>50 NORTH PERRY STREET<br>PONTIAC, MI48342<br>38-3136458 | MANAGED CARE | MI | N/A | C | | | |
| **(5)** MCLAREN HEALTH PLAN INSURANCE COMPANY<br>G-3245 BEECHER ROAD SUITE 200<br>FLINT, MI48532<br>27-1780283 | INSURANCE | MI | N/A | C | | | |
| | | | | | | | |
| | | | | | | | |

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

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

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

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| (1) See Additional Data Table | | | |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| (5) | | | |
| (6) | | | |

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

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

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|

**Additional Data** Return to Form

**Software ID:**
**Software Version:**
**EIN:** 38-1434090
**Name:** INGHAM REGIONAL MEDICAL CENTER

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501 (c)(3)) | (f) Direct controlling entity | (g) Section 512 (b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| BAY MEDICAL FOUNDATION<br>1900 COLUMBUS AVE<br>BAY CITY, MI48708<br>38-2156534 | FOUNDATION | MI | 501(C)(3) | LINE 11A, I | BAY REGIONAL MEDICAL CENTER | Yes | |
| BAY REGIONAL MEDICAL CENTER<br>1900 COLUMBUS AVE<br>BAY CITY, MI48708<br>38-1976271 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| BAY REGIONAL MEDICAL CENTER AUXILIARY<br>1908 COLUMBUS AVENUE<br>BAY CITY, MI48708<br>38-6081235 | SUPPORTING ORGANIZATION | MI | 501(C)(3) | LINE 11A, I | BAY REGIONAL MEDICAL CENTER | Yes | |
| BAY SPECIAL CARE HOSPITAL<br>1900 COLUMBUS AVE<br>BAY CITY, MI48708<br>38-3161753 | HOSPITAL | MI | 501(C)(3) | LINE 3 | BAY REGIONAL MEDICAL CENTER | Yes | |
| CENTRAL MICHIGAN COMMUNITY HOSPITAL<br>1221 SOUTH DRIVE<br>MT PLEASANT, MI48858<br>38-1420304 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| CENTRAL MICHIGAN COMMUNITY HOSPITAL RADIATION ONCOLOGY<br>1000 HARRINGTON<br>MT PLEASANT, MI48858<br>30-0312172 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| GREAT LAKES CANCER INSTITUTE<br>401 S BALLENGER HWY<br>FLINT, MI48532<br>38-3584572 | CANCER CARE CENTER | MI | 501(C)(3) | LINE 7 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| INGHAM REGIONAL HEALTHCARE FOUNDATION<br>401 S GREENLAWN AVE<br>LANSING, MI48910<br>38-2463637 | FOUNDATION | MI | 501(C)(3) | LINE 7 | INGHAM REGIONAL MEDICAL CENTER | Yes | |
| LAPEER REGIONAL MEDICAL CENTER<br>1375 N MAIN ST<br>LAPEER, MI48446<br>38-2689033 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| LAPEER REGIONAL MEDICAL CENTER FOUNDATION<br>1375 N MAIN ST<br>LAPEER, MI48446<br>38-2689603 | FOUNDATION | MI | 501(C)(3) | LINE 11A, I | LAPEER REGIONAL MEDICAL CENTER | Yes | |
| MCLAREN HEALTH CARE CORPORATION<br>401 S BALLENGER HWY<br>FLINT, MI48532<br>38-2397643 | SUPPORTING ORG | MI | 501(C)(3) | LINE 11A, I | N/A | | No |
| MCLAREN HEALTH PLAN<br>G-3245 BEECHER ROAD<br>FLINT, MI48532<br>38-3383640 | HEALTH CARE SERVICES | MI | 501(C)(4) | | MCLAREN HEALTH CARE CORPORATION | Yes | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501 (c)(3)) | (f) Direct controlling entity | (g) Section 512 (b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| MCLAREN MEDICAL MANAGEMENT INC<br><br>401 S BALLENGER HWY<br>FLINT, MI48532<br>38-2988086 | MANAGEMENT COMPANY | MI | 501(C)(3) | LINE 11A, I | MCLAREN HEALTH CARE CORPORATION | Yes | |
| MCLAREN REGIONAL MEDICAL CENTER<br><br>401 S BALLENGER HWY<br>FLINT, MI48532<br>38-2383119 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| MOUNT CLEMENS REGIONAL HEALTHCARE FOUNDATION<br><br>PO BOX 326<br>MOUNT CLEMENS, MI48046<br>38-2578873 | FOUNDATION | MI | 501(C)(3) | LINE 9 | MOUNT CLEMENS REGIONAL MEDICAL CENTER | Yes | |
| MOUNT CLEMENS REGIONAL MEDICAL CENTER<br><br>1000 HARRINGTON<br>MOUNT CLEMENS, MI48043<br>38-1218516 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| POH REGIONAL MEDICAL CENTER<br><br>50 NORTH PERRY STREET<br>PONTIAC, MI48342<br>38-1428164 | HOSPITAL | MI | 501(C)(3) | LINE 3 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| POH RILEY FOUNDATION<br><br>50 NORTH PERRY STREET<br>PONTIAC, MI48342<br>20-0442217 | FOUNDATION | MI | 501(C)(3) | LINE 11C, III-FI | POH REGIONAL MEDICAL CENTER | Yes | |
| VISITING NURSE SERVICE OF MICHIGAN<br><br>401 S BALLENGER HWY<br>FLINT, MI48532<br>38-3491714 | HEALTH CARE SERVICES | MI | 501(C)(3) | LINE 9 | MCLAREN HEALTH CARE CORPORATION | Yes | |
| WOMENS HOSPITAL ASSOCIATION OF FLINT MICHIGAN<br><br>401 S BALLENGER HIGHWAY<br>FLINT, MI48532<br>38-1358053 | SUPPORTING ORGANIZATION | MI | 501(C)(3) | LINE 11A, I | MCLAREN HEALTH CARE CORPORATION | Yes | |
| REGIONAL EMERGENCY MEDICAL SERVICE INC<br><br>25400 W 8 MILE ROAD<br>SOUTHFIELD, MI48034<br>38-3255499 | AMBULANCE SERVICE | MI | 501(C)(3) | LINE 9 | MCLAREN MEDICAL MANAGEMENT INC | Yes | |
| NORTH OAKLAND NORTH MACOMB IMAGING INC<br><br>355 BARCLAY CIR STE A<br>ROCHESTER HILLS, MI48307<br>38-2807040 | MRI IMAGING | MI | 501(C)(3) | LINE 3 | | Yes | |
| PRIMARY CARE<br><br>1900 COLUMBUS AVE<br>BAY CITY, MI48708<br>20-2443604 | HEALTH CARE SERVICES | MI | 501(C)(3) | LINE 9 | BAY REGIONAL MEDICAL CENTER | Yes | |
| MCLAREN HEALTHCARE VILLAGE FOUNDATION<br><br>401 S BALLENGER HIGHWAY<br>FLINT, MI48532<br>26-2693350 | SUPPORTING ORGANIZATION | MI | 501(C)(3) | LINE 11A, I | MCLAREN HEALTH CARE CORPORATION | Yes | |

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

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (1) | INGHAM REGIONAL HEALTH CARE FOUNDATION | N | 246,389 | ALLOCATION |
| (2) | INGHAM REGIONAL HEALTH CARE FOUNDATION | C | 457,501 | CASH |
| (3) | MCLAREN HEALTH CARE CORPORATION | L | 296,800 | ALLOCATION |
| (4) | MCLAREN REGIONAL MEDICAL CENTER | O | 363,075 | ALLOCATION |
| (5) | MCLAREN MEDICAL MANAGEMENT INC | H | 167,773 | ALLOCATION |
| (6) | MCLAREN MEDICAL MANAGEMENT INC | B | 2,207,843 | CASH |
| (7) | MCLAREN HEALTH CARE CORPORATION | L | 19,505,136 | ALLOCATION |
| (8) | MCLAREN HEALTH ADVANTAGE | O | 12,437,770 | ALLOCATION |
| (9) | MCLAREN HEALTH ADVANTAGE | L | 1,160,854 | ALLOCATION |
| (10) | MCLAREN HEALTH ADVANTAGE | K | 9,867,665 | ALLOCATION |
| (11) | REGIONAL EMERGENCY MEDICAL SERVICE INC | L | 97,571 | ALLOCATION |
| (12) | VISITING NURSE SERVICE OF MICHIGAN | A | 98,572 | ALLOCATION |
| (13) | MCLAREN HEALTH CARE CORPORATION | L | 1,498,961 | ALLOCATION |
| (14) | MCLAREN MEDICAL MANAGEMENT INC | A | 65,995 | ALLOCATION |
| (15) | VISITING NURSE SERVICE OF MICHIGAN | O | 995,226 | ALLOCATION |
| (16) | VISITING NURSE SERVICE OF MICHIGAN | I | 61,168 | ALLOCATION |
| (17) | VISITING NURSE SERVICE OF MICHIGAN | K | 268,194 | ALLOCATION |
| (18) | MCLAREN REGIONAL MEDICAL CENTER | P | 354,801 | ALLOCATION |
| (19) | MCLAREN HEALTH ADVANTAGE | O | 363,075 | ALLOCATION |
| (20) | MCLAREN HEALTH ADVANTAGE | K | 279,212 | ALLOCATION |
| (21) | MCLAREN MEDICAL MANAGEMENT INC | P | 7,450,875 | ALLOCATION |
| (22) | MCLAREN MEDICAL MANAGEMENT INC | L | 489,224 | ALLOCATION |
| (23) | MCLAREN HEALTH CARE CORPORATION | O | 23,977,979 | ALLOCATION |
| (24) | LAPEER REGIONAL MEDICAL | K | 67,442 | ALLOCATION |
| (25) | LAPEER REGIONAL MEDICAL | P | 50,551 | ALLOCATION |
| (26) | MCLAREN REGIONAL MEDICAL CENTER | K | 279,212 | ALLOCATION |

# McLaren Health Care Corporation and Subsidiaries

**Consolidated Financial Report**
**with Additional Information**
**September 30, 2011**

# McLaren Health Care Corporation and Subsidiaries

## Contents

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# Independent Auditor's Report

To the Board of Directors
McLaren Health Care Corporation
and Subsidiaries

We have audited the accompanying consolidated balance sheet of McLaren Health Care Corporation and Subsidiaries (the "Corporation") as of September 30, 2011 and 2010 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of McLaren Insurance Company, LTD, a consolidated subsidiary, which reflect total assets of $66,618,000 and $70,630,000 as of September 30, 2011 and 2010, respectively, and total revenue of $6,499,000 and $5,266,000, respectively, for the years then ended. These financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for McLaren Insurance Company, LTD, is based solely on the report of the other auditors.

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 audits 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 consolidated financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of McLaren Health Care Corporation and Subsidiaries at September 30, 2011 and 2010 and the consolidated results of their operations, changes in net assets, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

January 5, 2012

# McLaren Health Care Corporation and Subsidiaries

## Consolidated Balance Sheet
**(In thousands)**

| | September 30, 2011 | September 30, 2010 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 300,168 | $ 283,333 |
| Collateral from securities lending (Note 6) | 14,906 | 26,151 |
| Accounts receivable (Note 2) | 185,363 | 174,093 |
| Cost report settlements receivable (Note 3) | 6,294 | 2,851 |
| Assets limited as to use for payment of current liabilities (Note 6) | 4,646 | 8,304 |
| Other current assets | 47,347 | 37,951 |
| Total current assets | 558,724 | 532,683 |
| **Property and Equipment** - Net (Note 5) | 759,621 | 709,395 |
| **Other Assets** (Note 6) | 747,293 | 702,118 |
| Total assets | **$ 2,065,638** | **$ 1,944,196** |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Current portion of long-term debt (Note 8) | $ 14,600 | $ 17,277 |
| Notes payable (Note 9) | 26,265 | 11,025 |
| Accounts payable | 156,718 | 122,213 |
| Cost report settlements payable (Note 3) | 11,914 | 9,095 |
| Accrued liabilities (Note 10) | 125,357 | 145,302 |
| Total current liabilities | 334,854 | 304,912 |
| **Long-term Debt** - Net of current portion (Note 8) | 585,550 | 538,867 |
| **Fair Value of Interest Rate Swap Agreements** (Note 8) | 46,186 | 38,339 |
| **Other Liabilities** (Note 11) | 430,066 | 351,572 |
| Total liabilities | 1,396,656 | 1,233,690 |
| **Net Assets** | | |
| Unrestricted | 622,251 | 660,136 |
| Temporarily restricted | 10,604 | 12,349 |
| Permanently restricted | 36,127 | 38,021 |
| Total net assets | 668,982 | 710,506 |
| Total liabilities and net assets | **$ 2,065,638** | **$ 1,944,196** |

# McLaren Health Care Corporation and Subsidiaries

## Consolidated Statement of Operations
**(in thousands)**

| | Year Ended | |
|---|---|---|
| | September 30, 2011 | September 30, 2010 |
| **Unrestricted Revenue, Gains, and Other Support** | | |
| Patient service revenue | $ 4,342,971 | $ 4,046,457 |
| Revenue deductions | (2,658,645) | (2,425,098) |
| Net patient service revenue | 1,684,326 | 1,621,359 |
| Other (Note 1) | 378,460 | 359,363 |
| Net assets released from restrictions used for operations | 1,793 | 2,080 |
| Total unrestricted revenue, gains, and other support | 2,064,579 | 1,982,802 |
| **Expenses** | | |
| Salaries and wages | 691,919 | 650,446 |
| Employee benefits and payroll taxes | 176,795 | 168,271 |
| Supplies | 316,073 | 302,311 |
| Outside services | 179,110 | 197,126 |
| Professional and other liability costs | 15,471 | 11,316 |
| Healthcare costs | 177,703 | 172,917 |
| Depreciation and amortization | 85,077 | 81,946 |
| Provision for bad debts | 109,516 | 108,817 |
| Interest expense | 25,656 | 27,352 |
| Other | 236,205 | 216,045 |
| Total expenses (Note 16) | 2,013,525 | 1,936,547 |
| **Operating Income** | 51,054 | 46,255 |
| **Other Income (Loss)** | | |
| Investment income (Note 6) | 13,394 | 11,580 |
| Change in interest rate swap agreements (Note 8) | (7,847) | (12,788) |
| Change in unrealized gains and losses on investments (Note 6) | (24,662) | 37,142 |
| Loss on extinguishment of debt | (631) | - |
| Total other (loss) income | (19,746) | 35,934 |
| **Excess of Revenue Over Expenses** | 31,308 | 82,189 |
| **Other** | (1,247) | - |
| **Pension-related Changes Other Than Net Periodic Benefit Cost** | (70,337) | (56,199) |
| **Net Assets Released from Restriction** | 2,391 | 4,044 |
| **(Decrease) Increase in Unrestricted Net Assets** | **$ (37,885)** | **$ 30,034** |

# McLaren Health Care Corporation and Subsidiaries

## Consolidated Statement of Changes in Net Assets
**(In thousands)**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Net Assets** - October 1, 2009 | $ 630,102 | $ 14,673 | $ 36,848 | $ 681,623 |
| Excess of revenue over expenses | 82,189 | - | - | 82,189 |
| Restricted contributions | - | 3,901 | 8 | 3,909 |
| Restricted investment income (loss) | - | 119 | (2) | 117 |
| Change in unrealized gains and losses on investments | - | 135 | - | 135 |
| Increase in fair value of perpetual trust | - | - | 1,178 | 1,178 |
| Other changes in restricted net assets | - | (873) | (11) | (884) |
| Pension-related changes other than net periodic benefit cost | (56,199) | - | - | (56,199) |
| Net assets released from restriction | 4,044 | (5,606) | - | (1,562) |
| Increase (decrease) in net assets | 30,034 | (2,324) | 1,173 | 28,883 |
| **Net Assets** - September 30, 2010 | 660,136 | 12,349 | 38,021 | 710,506 |
| Excess of revenue over expenses | 31,308 | - | - | 31,308 |
| Restricted contributions | - | 3,753 | 2 | 3,755 |
| Restricted investment (loss) income | - | (32) | 4 | (28) |
| Change in unrealized gains and losses on investments | - | (253) | - | (253) |
| Decrease in fair value of perpetual trust | - | - | (1,896) | (1,896) |
| Other changes | (1,247) | (1,027) | (4) | (2,278) |
| Pension-related changes other than net periodic benefit cost | (70,337) | - | - | (70,337) |
| Net assets released from restriction | 2,391 | (4,186) | - | (1,795) |
| Decrease in net assets | (37,885) | (1,745) | (1,894) | (41,524) |
| **Net Assets** - September 30, 2011 | **$ 622,251** | **$ 10,604** | **$ 36,127** | **$ 668,982** |

See Notes to Consolidated Financial Statements.

# McLaren Health Care Corporation and Subsidiaries

## Consolidated Statement of Cash Flows
**(In thousands)**

| | Years Ended | |
|---|---|---|
| | September 30, 2011 | September 30, 2010 |
| **Cash Flows from Operating Activities** | | |
| (Decrease) increase in net assets | $ (41,524) | $ 28,883 |
| Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities: | | |
| Depreciation and amortization of deferred charges | 84,965 | 81,946 |
| Net change in unrealized gains and losses on investments | 26,640 | (37,142) |
| Realized gains on investments | (4,102) | (4,289) |
| Loss (earnings) in unconsolidated subsidiaries | 208 | (18) |
| Pension related changes other than periodic benefit costs | 70,337 | 56,199 |
| Decrease (increase) in fair value of perpetual trusts | 1,896 | (1,178) |
| (Gain) loss on disposal of equipment | (25) | 2,347 |
| Change in fair value of interest rate swap agreements | 7,847 | 12,788 |
| Loss on defeasance of debt | 631 | - |
| Temporarily and permanently restricted contributions | (3,752) | (3,909) |
| Provision for bad debts | 109,516 | 108,817 |
| Changes in assets and liabilities which (used) provided cash: | | |
| Accounts receivable | (120,786) | (104,024) |
| Other current assets | 1,849 | (8,423) |
| Cost report settlements (payable) receivable | (624) | 12,218 |
| Other assets | 14,268 | 561 |
| Accounts payable | 34,507 | 5,118 |
| Accrued liabilities | (19,945) | 15,971 |
| Other liabilities | 8,157 | 32,156 |
| Net cash provided by operating activities | 170,063 | 198,021 |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (134,742) | (77,850) |
| Proceeds from sale of property and equipment | 479 | 424 |
| Purchase of investments | (125,134) | (151,357) |
| Proceeds from sale and maturities of investments | 74,018 | 69,011 |
| Net cash used in investing activities | (185,379) | (159,772) |
| **Cash Flows from Financing Activities** | | |
| Net decrease in funds held by trustee under bond indenture | (28,227) | 3,180 |
| Proceeds from issuance of debt obligations | 70,818 | 2,323 |
| Principal payment on long-term debt | (27,408) | (14,214) |
| Payments of bond financing costs and other | (2,024) | (1,235) |
| Proceeds from (payments on) notes payable to bank | 15,240 | (3,175) |
| Temporarily and permanently restricted contributions | 3,752 | 3,909 |
| Net cash provided by (used in) financing activities | 32,151 | (9,212) |
| **Net Increase in Cash and Cash Equivalents** | 16,835 | 29,037 |
| **Cash and Cash Equivalents** - Beginning of year | 283,333 | 254,296 |
| **Cash and Cash Equivalents** - End of year | **$ 300,168** | **$ 283,333** |
| **Supplemental Cash Flow Information** - Cash paid for interest | **$ 26,156** | **$ 27,611** |

## Note 1 - Nature of Business and Significant Accounting Policies

**Reporting Entity and Corporate Structure** - McLaren Health Care Corporation and Subsidiaries (the "Corporation" or MHC), a not-for-profit corporation, is a major provider of healthcare services to residents of Flint, Lansing, Bay City, Lapeer, Mt. Clemens, Pontiac, and Mt. Pleasant, Michigan and surrounding communities.

The consolidated financial statements include the corporations listed below, as well as their subsidiaries and related foundations, of which MHC is the sole member:

Bay Regional Medical Center (BRMC)

Bay Special Care Hospital (BSCH)

Ingham Regional Medical Center (IRMC)

Lapeer Regional Medical Center (LRMC)

McLaren Health Plan (MHP)

McLaren Insurance Company, Ltd. (MICOL)

McLaren Medical Group (MMG)

McLaren Regional Medical Center (MRMC)

Mt. Clemens Regional Medical Center (MCRMC)

POH Regional Medical Center (POHRMC)

Central Michigan Community Hospital (CMCH)

McLaren Homecare Group (MHG)

Significant accounting policies include the following:

**Principles of Consolidation** - The accompanying consolidated financial statements include the accounts of McLaren Health Care Corporation and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

**Temporarily Restricted Net Assets** - Temporarily restricted net assets reflect assets contributed or pledged to the Corporation and subsidiaries, the use of which is restricted by the donor. Temporarily restricted net assets are restricted for medical education, indigent care, and property and equipment purchases. Investment earnings on temporarily restricted investments are restricted by donors for specific purposes.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Permanently Restricted Net Assets** - McLaren Foundation is the sole beneficiary of all interest and dividend income of the Minnie I. Ballenger Trust and the William S. Ballenger Trust (collectively, the "Trusts"). Permanently restricted net assets are primarily comprised of the estimated present value of the future cash receipts from the Trusts' assets. The present value of the future receipts from the Trusts is recorded at the fair value of the assets of the Trusts, net of liabilities.

**Cash and Cash Equivalents** - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts limited as to use by board designation or other arrangements under trust agreements (see Note 6).

The Corporation routinely invests its surplus operating funds in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Investments in money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

**Accounts Receivable** - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Corporation's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims from certain payors.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Investments in other equity securities are recorded at cost. Investment income or loss (including realized and changes in unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses, unless the income or loss is restricted by the donor.

**Securities Lending Arrangements** - The Corporation engages in transactions whereby certain securities in its portfolio are loaned to other institutions, generally for a short period of time. The Corporation records the fair value of the collateral received as a current asset and a current liability since the Corporation is obligated to return the collateral upon the return of the borrowed securities.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Pooled Funds** - McLaren Foundation has authorized investment pools for flexibility in investing its assets and maximizing its rate of return. Realized and unrealized gains or losses and income on unallocated investments are allocated to the unrestricted and temporarily restricted net assets participating in the pool based upon the average balance of the respective net assets.

**Assets Limited as to Use** - Assets limited as to use include assets set aside by the governing boards of various subsidiaries for future capital improvements, over which the boards retain control and may at their discretion subsequently use for other purposes. Assets limited as to use also include assets held by trustees under indenture agreements, funds held in trust by foundations, funds restricted by donors for specific purposes, funds held in trust for payment of employee benefits, and self-insurance trust arrangements (see Note 6).

**Property and Equipment** - Property and equipment acquisitions are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

**Interest Rate Swaps** - The Corporation has entered into interest rate swap agreements to manage its investments and capitalization, including risks associated with changes in interest rates. The Corporation records its interest rate swaps as either assets or liabilities in the accompanying consolidated balance sheet at fair value. None of the Corporation's current swaps are designated a hedge. Accordingly, both the unrealized and realized gains or losses related to the interest rate swaps are included in nonoperating income (loss) on the consolidated statement of operations (see Note 8).

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

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Excess of Revenue Over Expenses** - The consolidated statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include net assets released from restrictions for the acquisition of long-lived assets, pension-related changes other than net periodic benefit cost, and other.

**Net Patient Service Revenue** - The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

**Contributions** - The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions.

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

**Premium Revenue** - MHP recognizes premium revenue in the period the subscribers are entitled to related healthcare services. Premium revenue is reported in other revenue in the consolidated statement of operations and was $319,114,000 and $303,404,000 for the years ended September 30, 2011 and 2010, respectively.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Healthcare Costs** - MHP contracts with various healthcare providers for the provision of certain medical services to its members. Healthcare costs include all amounts incurred under capitation payment agreements and services rendered under the fee-for-service arrangement, including an estimate of costs incurred but not reported at each year end. Healthcare costs are reported in other expenses in the consolidated statement of operations.

**Professional and Other Liability Insurance** - The Corporation, subsidiaries, and qualifying medical staff are insured for professional liability on a claims-made basis by MICOL, a multiprovider, offshore captive insurance company, wholly owned by the Corporation. The Corporation and subsidiaries accrue an estimate of the ultimate expense, including litigation and settlement expense, net of applicable reinsurance coverage, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end based on estimates provided by an independent actuary (see Note 14).

**Charity Care** - Subsidiaries of the Corporation provide care to patients who meet certain criteria under charity care policies without charge or at amounts less than established rates. Because the Corporation and subsidiaries do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue (see Note 4).

**Tax Status** - The Corporation and substantially all its subsidiaries are nonprofit, tax-exempt organizations; accordingly, no tax provision is reflected in the consolidated financial statements. Some subsidiaries are for-profit corporations. Income tax provisions are not material to the consolidated financial statements.

The Corporation adopted accounting standards related to uncertain tax positions and, accordingly, reviewed all tax positions. The accounting standard that refers to *Accounting for Uncertainty in Income Taxes* is effective for fiscal years beginning after December 15, 2006 for nonpublic entities that hold public debt. The standard addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded on the consolidated financial statement. Companies must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The standard also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods, and requires increased disclosures. The evaluated potential exposure related to uncertain tax positions was found to be immaterial.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Corporation is subject to examination by taxing authorities; however, no examinations are in progress. Management believes the Corporation is not subject to tax examinations for years prior to September 30, 2008.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification** - Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

**New Accounting Pronouncements** - During 2010, the Financial Accounting Standards Board (FASB) adopted new accounting guidance that will impact how healthcare organizations account for claims liabilities and charity care. The new guidance requires that the accrued liability for malpractice claims and similar liabilities and the related insurance recovery receivable be presented separately on the balance sheet on a gross basis. Prior guidance allowed the liability to be reported net of the estimated insurance recovery receivable. This new standard will be effective for the year ending September 30, 2012.

New guidance has also been adopted on how to measure the amount of charity care provided to patients. The new guidance requires that cost be used as the measurement basis for charity care disclosure purposes and that the cost be identified as the direct and indirect costs of providing the charity care. No other measurement basis should be used. Prior guidance did not dictate how charity care should be measured. This new standard will be effective for the year ending September 30, 2012 and will be applied retrospectively to all prior periods presented.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2011 07 Health Care Entities (Topic 954), *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. Topic 954 establishes accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU will change the presentation of the consolidated statement of operations and add new disclosures that are not required under current generally accepted accounting principles. The provision for bad debts associated with patient service revenue is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the consolidated statement of operations. The ASU is effective for the Corporation for the year ending September 30, 2013.

The Corporation is currently assessing the impact these new standards will have on its consolidated financial statements.

**Subsequent Events** - The consolidated financial statements and related disclosures include evaluation of events up through and including January 5, 2012, which is the date the consolidated financial statements were available to be issued.

## Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Patient accounts receivable | $ 685,710 | $ 620,013 |
| Less allowance for uncollectible accounts | (86,025) | (87,347) |
| Less allowance for contractual adjustments | (430,186) | (374,214) |
| Net patient accounts receivable | 169,499 | 158,452 |
| Other | 15,864 | 15,641 |
| Total accounts receivable | $ 185,363 | $ 174,093 |

## Note 2 - Patient Accounts Receivable (Continued)

Subsidiaries of the Corporation grant credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors is as follows:

| | Percentage | |
|---|---|---|
| | 2011 | 2010 |
| Medicare | 31 | 32 |
| Blue Cross/Blue Shield of Michigan | 12 | 11 |
| Medicaid | 20 | 22 |
| Commercial insurance and HMOs | 23 | 18 |
| Self-pay | 14 | 17 |
| Total | 100 | 100 |

## Note 3 - Cost Report Settlements

Medical centers of the Corporation have agreements with third-party payors that provide for reimbursement at amounts different from the subsidiaries' established rates. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - Inpatient, acute care, psychiatric, and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Long-term acute care services are reimbursed on a prospectively determined per diem basis. Outpatient, physician, and homecare services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care or on an established fee-for-service methodology.
- **Medicaid** - Inpatient, acute care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge. Capital costs relating to Medicaid patients are paid on a cost reimbursement method. Outpatient and physician services are reimbursed on an established fee-for-service methodology.
- **Blue Cross/Blue Shield of Michigan** - Inpatient, acute care services are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed on fee-for-service and percentage-of-charge bases.
- **Health Maintenance Organizations** - Services rendered to HMO beneficiaries are paid at predetermined rates or at a percentage of hospital charges.

## Note 3 - Cost Report Settlements (Continued)

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare, Medicaid, Blue Cross/Blue Shield of Michigan, and HMO programs and are subject to audit by fiscal intermediaries.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 may be reviewed by contractors for validity, accuracy, and proper documentation. The Corporation is unable to determine the extent of liability for overpayments, if any. The potential exists for significant overpayment of claims liability for the Corporation at a future date.

## Note 4 - Community Benefit (Unaudited)

The Corporation and its subsidiaries accept all patients regardless of their ability to pay. The Corporation has established a formal policy whereby a patient may qualify as a charity patient if certain criteria are met. These policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Corporation utilizes the generally recognized poverty income levels, but also includes certain cases where incurred charges are significant compared to the patient's available resources. In addition to providing services to the financially disadvantaged, the medical centers participate in county, state, and federal programs designed for the indigent and elderly, whereby the medical centers may be reimbursed at less than the cost of providing those services, provide other community services at no or nominal cost, and subsidize graduate medical education in the community. An estimate of charity and other uncompensated care for the medical centers is as follows (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Charity care cost | $ 12,217 | $ 12,899 |
| Cost in excess of reimbursement for county health plans | 11,556 | 13,284 |
| Cost in excess of reimbursement from government programs | 53,176 | 40,922 |
| Cost in excess of reimbursement for graduate medical education | 17,395 | 18,442 |
| Cost of community programs | 7,967 | 8,780 |
| Total | $ 102,311 | $ 94,327 |

The cost of bad debt for the Corporation for the years ended September 30, 2011 and 2010 was approximately $37,504,000 and $36,738,000, respectively, which is reflected in the consolidated statement of operations as charges of $109,516,000 and $108,817,000, respectively.

## Note 5 - Property and Equipment

Property and equipment and depreciable lives are summarized as follows (in thousands):

| | 2011 | 2010 | Depreciable Life - Years |
|---|---|---|---|
| Land | $ 50,231 | $ 49,457 | - |
| Land improvements | 36,727 | 35,251 | 5-35 |
| Buildings | 768,027 | 754,914 | 20-40 |
| Equipment | 892,847 | 837,690 | 5-15 |
| Construction in progress | 80,530 | 36,019 | - |
| Total cost | 1,828,362 | 1,713,331 | |
| Accumulated depreciation | (1,068,741) | (1,003,936) | |
| Net property and equipment | $ 759,621 | $ 709,395 | |

Construction in progress consists primarily of the construction of a facility to provide proton beam therapy and implementation of information technology projects at the medical centers and MHC. At September 30, 2011, the remaining commitment on these projects approximated $41,624,000. The Corporation completed financing for the proton beam project through the issuance of a $67,000,000 tax-exempt bond issue. The information technology projects will be financed with existing internal funds.

Depreciation expense was approximately $85,100,000 and $82,000,000 for the years ended September 30, 2011 and 2010, respectively.

## Note 6 - Other Assets

The detail of other assets is summarized in the following schedule (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Investments - Assets limited as to use and permanently or temporarily restricted: | | |
| Funds held by trustees under bond indentures | $ 49,586 | $ 21,237 |
| Funds held in trust for payment of professional and other liability claims (Note 14) | 62,297 | 61,100 |
| By board of trustees for future capital improvements | 90,080 | 93,073 |
| By the foundations - Funds held in trust for benefit of MHC and its subsidiaries | 51,400 | 52,542 |
| By donors for specific purposes | 9,206 | 8,912 |
| Funds held in trust for payment of employee benefits | 10,963 | 7,661 |
| Total assets limited as to use and permanently or temporarily restricted | 273,532 | 244,525 |
| General investments | 388,386 | 381,483 |
| Investment in Anthelio (Note 15) | 38,104 | 22,097 |
| Total investments | 700,022 | 648,105 |
| Less amount for payment of current liabilities | (4,646) | (8,304) |
| Bond issue and other costs | 7,504 | 6,673 |
| Investment in unconsolidated subsidiaries | 29,235 | 35,620 |
| Other | 15,178 | 20,024 |
| Total other assets | $ 747,293 | $ 702,118 |

## Note 6 - Other Assets (Continued)

Investments consist of the following (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Money market investments | $ 88,633 | $ 82,825 |
| Certificates of deposit and cash equivalents | 3,825 | 6,151 |
| Government securities | 3,727 | 12,100 |
| Mortgage-backed securities | 346 | - |
| Mutual funds | 265,344 | 242,938 |
| Corporate bonds | 16,743 | 12,949 |
| Common and preferred stocks | 289,098 | 256,940 |
| Due from trusts (Note 12) | 32,306 | 34,202 |
| Total | $ 700,022 | $ 648,105 |

Funds held by the trustee under bond indenture are held for the purpose of making future bond principal and interest payments and payments for certain construction projects. Investment income accrues to the funds as earned.

Investment income and gains and losses are comprised of the following for the years ended September 30, 2011 and 2010 (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Unrestricted investment income | $ 15,313 | $ 11,580 |
| Investment (loss) income on temporarily and permanently restricted investments | (28) | 117 |
| Change in net unrealized gains and losses on unrestricted investments | (26,640) | 37,142 |
| Change in net unrealized gains and losses on restricted investments | (253) | 135 |
| Total investment (loss) income | $ (11,608) | $ 48,974 |

## Note 6 - Other Assets (Continued)

The Corporation participates in the JPMorgan Chase Bank, N.A. Security Lending Program for its U.S. and non-U.S. securities held in custody at JPMorgan Chase Bank, N.A. (JPMorgan Chase). These securities are loaned to certain unrelated third-party brokers in exchange for collateral, usually in the form of cash. Both the collateral and the securities loaned are marked-to-market on a daily basis so that all loaned securities are more than fully collateralized at all times. Collateral received is invested in a segregated account managed by JPMorgan Chase, which consists of high quality short-term investments. In the event that the loaned securities are not returned by the borrower, JPMorgan Chase will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the Corporation's accounts with cash equal to the fair value of the loaned securities.

The Corporation receives 40 percent of any residual income earned on the securities held as collateral. JPMorgan Chase receives the remainder of the income.

Although the Corporation's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with JPMorgan Chase require JPMorgan Chase to comply with government rules and regulations related to the lending of securities held by the Corporation, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize its loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that JPMorgan Chase's investment of collateral received from the borrowers of the Corporation's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

At September 30, 2011 and 2010, the fair value of securities loaned in the portfolio was $15,112,000 and $26,358,000, respectively, while the collateral held was $14,906,000 and $26,151,000, respectively. Collateral received consists of cash and fixed-income securities. The value of the collateral held and a corresponding liability to return the collateral have been reported on the accompanying consolidated balance sheet.

## Note 7 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Corporation's assets and liabilities measured at fair value on a recurring basis at September 30, 2011 and 2010 and the valuation techniques used by the Corporation to determine those fair values.

## Note 7 - Fair Value Measurements (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

## Note 7 - Fair Value Measurements (Continued)

**Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2011**

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at September 30, 2011 |
|---|---|---|---|---|
| **Assets** | | | | |
| Mutual funds: | | | | |
| Fixed-income investments | $ 167,589 | $ - | $ - | $ 167,589 |
| Equity investments | 88,233 | - | - | 88,233 |
| Balanced investments | 779 | - | - | 779 |
| Short-term investments | 8,743 | - | - | 8,743 |
| Common and preferred stocks: | | | | |
| U.S. securities | 139,652 | - | - | 139,652 |
| Foreign securities | 108,649 | - | - | 108,649 |
| Preferred stocks | - | 2,693 | - | 2,693 |
| Debt securities: | | | | |
| U.S. government and agencies | - | 2,316 | - | 2,316 |
| State government and agencies | - | 1,411 | - | 1,411 |
| Corporate bonds and notes | - | 16,743 | - | 16,743 |
| Residential mortage-backed securities | - | 346 | - | 346 |
| Money market investments - Short-term investments | 88,633 | - | - | 88,633 |
| Collateral on securities lending arrangements | - | 14,906 | - | 14,906 |
| Due from trusts | - | 32,306 | - | 32,306 |
| Total assets | $ 602,278 | $ 70,721 | $ - | $ 672,999 |
| **Liabilities** | | | | |
| Obligations on secured lending arrangements | $ - | $ 15,112 | $ - | $ 15,112 |
| Interest rate swap agreements | - | 46,186 | - | 46,186 |
| Total liabilities | $ - | $ 61,298 | $ - | $ 61,298 |

## Note 7 - Fair Value Measurements (Continued)

**Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2010**

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at September 30, 2010 |
|---|---|---|---|---|
| **Assets** | | | | |
| Mutual funds: | | | | |
| Fixed-income investments | $ 142,464 | $ - | $ - | $ 142,464 |
| Equity investments | 97,629 | - | - | 97,629 |
| Balanced investments | 326 | - | - | 326 |
| Short-term investments | 2,519 | - | - | 2,519 |
| Common and preferred stocks: | | | | |
| U.S. securities | 139,136 | - | - | 139,136 |
| Foreign securities | 93,496 | - | - | 93,496 |
| Preferred stocks | - | 2,211 | - | 2,211 |
| Debt securities: | | | | |
| U.S. government and agencies | - | 11,785 | - | 11,785 |
| State government and agencies | - | 315 | - | 315 |
| Corporate bonds and notes | - | 12,949 | - | 12,949 |
| Money market investments - Short-term investments | 82,825 | - | - | 82,825 |
| Collateral on securities lending arrangements | - | 26,151 | - | 26,151 |
| Due from trusts | - | 34,202 | - | 34,202 |
| Total assets | $ 558,395 | $ 87,613 | $ - | $ 646,008 |
| **Liabilities** | | | | |
| Obligations on secured lending arrangements | $ - | $ 26,358 | $ - | $ 26,358 |
| Interest rate swap agreements | - | 38,339 | - | 38,339 |
| Total liabilities | $ - | $ 64,697 | $ - | $ 64,697 |

Collateral from securities lending, assets whose use is limited or restricted, and investments on the consolidated balance sheet, as further discussed in Note 6, at September 30, 2011 and 2010 included cash and certificates of deposit of $3,824,000 and $6,152,000, respectively, and an investment in Anthelio Healthcare Solutions, Inc. of $38,104,000 and $22,097,000, respectively. Cash and certificates of deposits and investment in Anthelio are not measured at fair value on a recurring basis and therefore are not included in the tables above.

## Note 7 - Fair Value Measurements (Continued)

The fair value of the securities lending and swap arrangements was determined primarily based on Level 2 inputs. The Corporation estimates the fair value of these investments using the fair market value as determined by the investment custodians. The Level 2 inputs used in estimating the fair value of the swap agreements include the notional amount, effective interest rate, and maturity date.

## Note 8 - Long-term Debt

Long-term debt consists of the following (in thousands):

| | 2011 | 2010 |
|---|---|---|
| McLaren Health Care Series 2008A | $ 216,470 | $ 220,433 |
| McLaren Health Care Series 2008B | 163,000 | 165,402 |
| McLaren Health Care Series 2005C | 76,680 | 77,390 |
| McLaren Health Care Series 1998A | 64,065 | 66,480 |
| McLaren Health Care Series 2010 | 67,656 | - |
| CMCH Series 1996 | - | 15,070 |
| Less unamortized discount | (3,423) | (4,133) |
| Subtotal | 584,448 | 540,642 |
| Other | 15,702 | 15,502 |
| Total | 600,150 | 556,144 |
| Less current portion | 14,600 | 17,277 |
| Long-term portion | $ 585,550 | $ 538,867 |

McLaren Health Care Series 2008A and 2008B bonds (collectively, the "2008 Bonds"), consist of Revenue and Refunding Bonds issued by Michigan State Hospital Finance Authority to MHC, for MHC, and as credit group agent, on behalf of the credit group which consists of BRMC, IRMC, LRMC, MCRMC, MRMC, POHRMC, McLaren Foundation, Mount Clemens Regional Healthcare Foundation, and Lapeer Regional Medical Center Foundation (the "Credit Group"). As obligated group agent, MHC has the power to cause any member of the Credit Group to make required principal and interest payments on the bonds.

The Series 2008A bonds are secured by the gross revenue of the Credit Group and consist of serial bonds with interest ranging from 4.625 percent to 5.25 percent and annual maturities ranging from $3,875,000 in 2012 to $5,135,000 in 2018, a term bond in the amount of $68,890,000, due May 15, 2028 with interest at 5.625 percent, and an additional term bond in the amount of $116,195,000, due May 15, 2038 with interest at 5.75 percent.

## Note 8 - Long-term Debt (Continued)

The Series 2008B bonds consist of variable rate bonds bearing interest based on a weekly interest rate determined by a remarketing agent to reflect current prevailing market conditions. The bonds are secured by the gross revenues of the Credit Group and have mandatory sinking fund redemption requirements in various amounts through 2038.

Holders of the Series 2008B bonds have the option to demand payment of their outstanding bonds. The Credit Group has entered into a remarketing agreement that requires the remarketing agent to utilize best efforts to remarket any such bonds that may be tendered for payment. The Credit Group has entered into a credit facility with a bank to provide for payment in the event any of the bonds cannot be remarketed. Draws on the credit facility are required to be reimbursed to the credit facility at the earliest remarketing or expiration of the credit facility. The credit facility expires on December 1, 2013 and may be extended. Any outstanding draws on the credit facility at expiration will be converted to a term note payable over three years.

McLaren Health Care, Series 2005C bonds consist of revenue bonds issued by Michigan State Hospital Finance Authority to MHC, for MHC, and as credit group agent, on behalf of the Credit Group. The bonds are secured by gross revenue of the Credit Group and consist of term bonds with annual principal payments including mandatory sinking fund payments ranging from $745,000 in 2012 to $11,420,000 in 2035. The bonds bear fixed interest rates ranging from 3.625 percent to 5.0 percent.

McLaren Health Care Series 1998A bonds consist of Hospital Revenue and Refunding Bonds issued by Michigan State Hospital Finance Authority to MHC, for MHC, and as credit group agent, on behalf of the Credit Group. The bonds consist of term bonds payable in annual installments through June 1, 2028, ranging from $2,535,000 to $5,285,000, at interest rates ranging from 5.15 percent to 5.37 percent.

In connection with their loan agreements with the Michigan State Hospital Finance Authority, the Obligated and Credit Groups have made a covenant, among others, that net revenue, as defined in the bond documents, would equal or exceed 140 percent of maximum annual interest and principal requirements, as defined under the agreements.

McLaren Health Care, Series 2010 bonds consist of revenue bonds issued by Michigan State Hospital Finance Authority on behalf of the Credit Group. The bonds are secured by gross revenue of the Credit Group and are payable in annual installments beginning December 1, 2021 of $3,356,250, plus interest. MRMC will pay the outstanding principal on December 1, 2040. The bonds bear interest at 3.25 percent per annum until the initial optional tender date on December 1, 2020.

## Note 8 - Long-term Debt (Continued)

Bonds payable, CMCH Series 1996, consisted of Hospital Revenue Bonds that were issued by the Michigan State Hospital Finance Authority. In January 2011, CMCH executed a redemption request on these bonds utilizing debt service reserve funds and draws on the line of credit.

Scheduled minimum principal payments on long-term debt to maturity as of September 30, 2011 are as follows (in thousands):

| | | |
|---|---|---|
| 2012 | | $ 14,600 |
| 2013 | | 12,686 |
| 2014 | | 12,365 |
| 2015 | | 13,027 |
| 2016 | | 13,367 |
| Thereafter | | 537,528 |
| | Subtotal | 603,573 |
| | Less unamortized discount | (3,423) |
| | Total | $ 600,150 |

### Derivatives

The derivative instruments used by the Corporation are interest rate swap agreements that are used to manage variability in interest rates and to essentially convert variable-rate interest on long-term debt to fixed-rate interest. The variable interest rate on the debt generally exposes the Corporation to variability in rising or declining interest rate environments. The interest rate swaps reduce the variability of the interest rate of the debt.

### (a) Objectives and Strategies:

The Corporation's objectives with respect to its use of derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates, and the management of the risk of an increase in the fair value of outstanding fixed rate obligations resulting from declining market interest rates.

Debt obligations expose the Corporation to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management enters into interest rate swap agreements to manage fluctuations resulting from interest rate risk.

**Note 8 - Long-term Debt (Continued)**

By using derivative financial instruments to hedge exposure to changes in interest rates, the Corporation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Corporation, which creates credit risk for the Corporation. When the fair value of a derivative contract is negative, the Corporation owes the counterparty, and therefore, it does not pose credit risk. The Corporation minimizes the credit risk in derivative instruments by entering into transactions with high quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

**(b) Risk Management Policies:**

The Corporation assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Corporation maintains risk management control systems to monitor interest rate risk attributable to both the Corporation's outstanding or forecasted debt obligations, as well as the Corporation's offsetting hedge positions. The risk management control system involves the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on the Corporation's future cash flows.

The Corporation does not use derivative instruments for speculative investment purposes.

**(c) Transactions:**

MHC has entered into three interest rate swap agreements to manage the overall variability in interest rates.

One swap agreement is for a notional amount of $88,000,000. Under the terms of the agreement, MHC pays the counterparty a fixed rate of 3.355 percent and receives in exchange 65 percent of LIBOR plus 0.12 percent.

The second swap agreement is for a notional amount of $75,000,000. Under the terms of the agreement, MHC pays the counterparty a fixed rate of 3.64 percent and receives in exchange 65 percent of LIBOR plus 0.12 percent.

The third swap agreement is for a notional amount of $225,000,000. Under the terms of the agreement, MHC pays the counterparty a rate equal to the Securities Industry and Financial Markets Association index rate and receives in exchange 61.3 percent of LIBOR plus 0.776 percent.

## Note 8 - Long-term Debt (Continued)

These swap agreements are recorded on the consolidated balance sheet at their fair value. Changes in the fair value of the swap agreements are reported as a component of excess of revenue over expenses, as well as any settlements on the interest rate swaps. There were no settlements in 2011 or 2010.

The Corporation's interest rate swap liability at September 30, 2011 and 2010 was $46,186,000 and $38,339,000, respectively. For the years ended September 30, 2011 and 2010, the amounts of loss recognized in the consolidated statement of operations attributable to derivative instruments as changes in fair market value of interest rate swap agreements were $7,847,000 and $12,788,000, respectively.

Under the terms of the ISDA master agreement, the Corporation is required to maintain collateral posted with the counterparty to secure a portion of the estimated value of the derivative instruments when said instruments are valued in favor of the counterparty, as periodically determined by the counterparty. Collateral must be posted when the applicable aggregate derivative values exceed $25,000,000 in favor of the counterparty. The Corporation was required to post collateral of $13,150,000 and $16,172,000 at September 30, 2011 and 2010, respectively. The Corporation's accounting policy is not to offset collateral amounts against fair value amounts recognized for derivative instrument obligations. Accordingly, the posted collateral is included in cash and cash equivalents in the accompanying consolidated balance sheet.

In December 2011, the Corporation entered into novation agreements related to two of the three swap agreements. Under the novation agreement, the existing counterparty has transfered the swap agreement to two separate counterparties. The terms of the swap agreements are not changed as part of the novation, other than threshold for required collateral posting. Each of the three swaps will have a separate collateral threshold, as opposed to the aggregate collateral threshold that exists as of September 30, 2011.

## Note 9 - Notes Payable

MHC negotiated, on behalf of the Corporation, a revolving line of credit agreement, secured by gross revenue of the Credit Group, with a bank in the amount of $80,000,000, at an interest rate based on the eurodollar rate plus 0.5 percent at the time of borrowing (an effective rate of 1.25 percent and 1.40 percent at September 30, 2011 and 2010, respectively).

There was $26,265,000 and $11,025,000 outstanding on the line of credit as of September 30, 2011 and 2010, respectively.

## Note 10 - Accrued Liabilities

The details of accrued liabilities at September 30, 2011 and 2010 are as follows (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Payroll and related items | $ 44,340 | $ 58,105 |
| Compensated absences | 33,169 | 30,019 |
| Professional and other liability claims - Current portion (Note 14) | 3,224 | 3,492 |
| Interest | 5,013 | 5,555 |
| Obligations under securities lending (Note 6) | 15,112 | 26,358 |
| Other | 24,499 | 21,773 |
| Total accrued liabilities | $ 125,357 | $ 145,302 |

## Note 11 - Other Liabilities

The detail of other liabilities at September 30, 2011 and 2010 is given below (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Accrued pension cost (Note 13) | $ 269,526 | $ 217,791 |
| Accrued postretirement benefit cost (Note 13) | 43,483 | 43,824 |
| Accrued professional and other liability claims (Note 14) | 85,276 | 84,717 |
| Other | 31,781 | 5,240 |
| Total other liabilities | $ 430,066 | $ 351,572 |

## Note 12 - Due from Trusts

McLaren Foundation is the sole beneficiary of the income from the Minnie I. Ballenger Trust and the William S. Ballenger Trust. The amount due from these Trusts (see Note 6) represents the fair value of the assets held in the Trusts. Since McLaren Foundation receives only the net interest and dividend income of the Trusts, this income is recorded as an increase in unrestricted net assets. Changes in the fair value of the investments in the Trusts are recorded as changes in permanently restricted net assets by McLaren Foundation. The amounts receivable, representing the fair value of the trust assets, are as follows (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Minnie I. Ballenger Trust | $ 31,510 | $ 33,364 |
| William S. Ballenger Trust | 796 | 838 |
| Total | $ 32,306 | $ 34,202 |

## Note 13 - Pension and Other Postretirement Benefit Plans

MRMC, MHC, MHP, MHG, and MMG participate in a single defined benefit pension plan. BRMC, IRMC, LRMC, POHRMC, and MCRMC have separate noncontributory defined benefit pension plans covering substantially all of their employees. The Corporation intends to annually contribute amounts deemed necessary, if any, to maintain the plan on a sound actuarial basis.

The various defined benefit pension plans have taken steps to freeze accrual of future benefits or participation in the plans by new hires.

Substantially all employees of the Corporation also participate in defined contribution pension plans that provide benefits to eligible participants as determined according to the provisions of the plan agreements.

MHC, MRMC, IRMC, MCRMC, and BRMC also sponsor defined benefit postretirement plans that provide postretirement medical benefits summarized as follows:

**MHC and MRMC** - The plan includes substantially all employees who have a minimum of 10 years of service after the age of 45. Employees who elect for early retirement can purchase benefits at the group rate through the plan. MHC and MRMC currently fund the cost of these benefits as they are incurred. The retiree healthcare plan requires participant contributions and deductibles.

**IRMC** - The plan allows retirees to purchase health insurance coverage at group rates through IRMC. Individuals who retired before December 31, 1993 also receive a maximum monthly contribution for the purchase of health insurance coverage. Individuals who retire after January 1, 1994 and have attained the age of 65 do not receive postretirement medical benefits under this plan. IRMC does not prefund the plan and has the right to modify or terminate the plan in the future.

**BRMC** - The plan provides certain health care and prescription drugs for employees who retired prior to October 1994. BRMC funds the cost of these benefits as they are incurred.

**MCRMC** - The plan provides medical savings account plan benefits to substantially all employees who are subject to the collective bargaining units.

## Note 13 - Pension and Other Postretirement Benefit Plans (Continued)

### Obligations and Funded Status (in thousands)

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| **Change in Benefit Obligation** | | | | |
| Benefit obligation at beginning of year | $ 731,819 | $ 637,033 | $ 43,824 | $ 36,629 |
| Service cost | 17,241 | 15,502 | 955 | 1,005 |
| Interest cost | 42,324 | 41,174 | 2,367 | 2,346 |
| Plan participants' contributions | - | - | 635 | 698 |
| Amendments | (838) | - | - | - |
| Actuarial loss (gain) | 33,171 | 65,876 | (1,234) | 5,741 |
| Benefits paid | (31,630) | (27,766) | (3,064) | (2,595) |
| Benefit obligation at end of year | 792,087 | 731,819 | 43,483 | 43,824 |
| **Change in Plan Assets** | | | | |
| Fair value of plan assets at beginning of year | 515,860 | 483,619 | - | - |
| Actual return on plan assets | (5,542) | 49,622 | - | - |
| Employer contributions | 46,322 | 10,385 | 2,429 | 1,897 |
| Plan participants' contributions | - | - | 634 | 698 |
| Benefits paid | (31,630) | (27,766) | (3,064) | (2,595) |
| Fair value of plan assets at end of year | 525,010 | 515,860 | - | - |
| Funded status at end of year | $ (267,885) | $ (215,959) | $ (43,483) | $ (43,824) |

The accumulated benefit obligation for all defined benefit pension plans was $737,222,398 and $678,454,594 at September 30, 2011 and 2010, respectively.

Components of net periodic benefit cost and other amounts recognized in other comprehensive income are as follows (in thousands):

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| **Net Periodic Benefit Cost** | | | | |
| Service cost | $ 17,241 | $ 15,502 | $ 955 | $ 1,005 |
| Interest cost | 42,324 | 41,174 | 2,367 | 2,346 |
| Expected return on plan assets | (47,515) | (44,600) | - | - |
| Amortization of prior service cost (credits) | 17,386 | 12,404 | (2,394) | (2,359) |
| Total | $ 29,436 | $ 24,480 | $ 928 | $ 992 |
| **Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income** | | | | |
| Net gain | $ 359,468 | $ 290,449 | $ 1,731 | $ 2,881 |
| Amortization of transition asset | (3) | (4) | (51) | (51) |
| Prior services credit | (1,032) | (1,190) | 140 | (2,169) |
| Total recognized in other comprehensive income | $ 358,433 | $ 289,255 | $ 1,820 | $ 661 |

## Note 13 - Pension and Other Postretirement Benefit Plans (Continued)

### Assumptions

Weighted average assumptions used to determine benefit obligations at September 30 are as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Discount rate | 5.60 % | 5.90 % | 5.60 % | 5.90 % |

Weighted average assumptions used to determine net periodic benefit cost for years ended September 30 are as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Discount rate | 5.90 % | 6.60 % | 5.90 % | 6.60 % |
| Expected long-term return on plan assets | 8.50 | 8.50 | - | - |

The actuarial assumption for rate of compensation increase is age graded for the benefit obligation at September 30, 2011 and 2010. The rate of compensation increase assumption for the net periodic benefit cost is age graded for 2011 and 4 percent for 2010.

The overall expected rate of return on plan assets represents a weighted average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements. The determination is influenced by the asset allocation, as well as the Corporation's investment policy. The Corporation's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk.

### Pension Plan Assets

The goals of the pension plan investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Corporation, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and ensures timely payment of retirement benefits.

The target allocation of plan assets is 60 percent equity securities, 37 percent fixed-income securities, and 3 percent other types of investments.

## Note 13 - Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the Corporation's pension plan assets at September 30, 2011 and 2010, by major asset classes, are as follows (in thousands):

**Fair Value Measurements at September 30, 2011**

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Asset Classes** | | | | |
| Mutual funds: | | | | |
| Equity investments | $ 49,683 | $ 49,683 | $ - | $ - |
| Fixed-income investments | 214,483 | - | 214,483 | - |
| Equity investments: | | | | |
| Common stock | 132,747 | 132,747 | - | - |
| Preferred stock | 2,334 | 2,334 | - | - |
| Rights and warrants | 3 | 3 | - | - |
| Foreign | 101,665 | 101,665 | - | - |
| Other: | | | | |
| Money market fund | 7,609 | 7,609 | - | - |
| Bond fund | 16,486 | - | 16,486 | - |
| Total | $ 525,010 | $ 294,041 | $ 230,969 | $ - |

**Fair Value Measurements at September 30, 2010**

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Asset Classes** | | | | |
| Mutual funds: | | | | |
| Equity investments | $ 58,644 | $ 58,644 | $ - | $ - |
| Fixed-income investments | 194,983 | - | 194,983 | - |
| Equity investments: | | | | |
| Common stock | 153,312 | 153,312 | - | - |
| Preferred stock | 2,337 | 2,337 | - | - |
| Foreign | 83,953 | 83,953 | - | - |
| Other: | | | | |
| Money market fund | 7,421 | 7,421 | - | - |
| Bond fund | 15,210 | - | 15,210 | - |
| Total | $ 515,860 | $ 305,667 | $ 210,193 | $ - |

## Note 13 - Pension and Other Postretirement Benefit Plans (Continued)

### Cash Flow

**Contributions**

The Corporation expects to contribute $66,361,000 to its pension plans and $2,545,000 to its other postretirement benefit plans in 2012.

**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

| Year | Pension Benefits | Postretirement Benefits |
|---|---|---|
| 2012 | $ 31,989 | $ 2,243 |
| 2013 | 35,720 | 2,458 |
| 2014 | 36,992 | 2,689 |
| 2015 | 39,357 | 2,778 |
| 2016 | 43,911 | 2,887 |
| 2017-2021 | 292,959 | 16,039 |

## Note 14 - Professional and Other Liability Insurance

The Corporation's professional malpractice liability coverage is provided by a multiprovider offshore captive insurance company (MICOL) on a retrospectively rated claims-made policy to MRMC, IRMC, LRMC, BRMC, MCRMC, POHRMC, CMCH, MHG, and MMG. MICOL covers claims occurring and reported after March 31, 2004 for MRMC, LRMC, IRMC, and MMG, as well as claims occurring after 1979 but not reported as of April 1, 2003 for IRMC. CMCH began participating in MICOL on January 1, 2011.

MICOL has purchased commercial excess insurance coverage for claims exceeding specified amounts.

The Corporation records an estimate of the present value of the ultimate settlement cost of settling and defending professional liability claims based on projections from a consulting actuary. The estimate of losses is based on the covered entities' own past experience along with industry experience. This estimate includes a reserve for known claims and unreported incidents. A discount rate of 5 percent was used in determining the present value of the claims. Claims expected to be settled within one year and the related assets are recorded as a current liability and current asset, respectively, in the accompanying consolidated balance sheet.

## Note 14 - Professional and Other Liability Insurance (Continued)

For professional liability claims occurring prior to April 1, 2003, MRMC, IRMC, MMG, and LRMC maintained a program of self-insurance for professional and other liability claims. Revocable trusts are maintained with local banks as trustees to maintain funds for payment of any future settlements. MRMC, IRMC, MMG, and LRMC make necessary contributions to the trust funds, as determined by an independent actuary, to adequately provide for asserted or expected claims. The assets of the trust are included in the consolidated balance sheet with assets limited as to use (see Note 6).

Prior to July 1, 2006, MCRMC participated in a separate multiprovider offshore captive insurance company. MCRMC terminated its participation in this company effective July 1, 2006 and obtained insurance coverage through MICOL. MICOL covers claims reported after July 1, 2006. MCRMC continues to be responsible for retrospective premiums which may be assessed by the former insurer.

Prior to July 1, 2008, POHRMC participated in a separate multiprovider offshore captive insurance company. POHRMC terminated its participation in this company effective July 1, 2008 and obtained insurance coverage through MICOL. MICOL covers claims reported after July 1, 2008. POHRMC continues to be responsible for retrospective premiums which may be assessed by the former insurer.

Prior to January 1, 2011, CMCH was insured against potential professional liability claims under a claims-made policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. MICOL covers claims reported after January 1, 2011.

The detail of accrued professional and other liability for the self-insurance plans and the MICOL claims are as follows (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Total professional and other liability claims | $ 88,500 | $ 88,209 |
| Less current portion (Note 10) | (3,224) | (3,492) |
| Long-term portion (Note 11) | $ 85,276 | $ 84,717 |

## Note 15 - Investment in Anthelio Healthcare Solutions, Inc.

The Corporation had an investment in PHNS, Inc., along with other healthcare providers and investors. PHNS provided outsourced information technology services, system support, and other services such as transcription and communications to healthcare providers, including the Corporation and its subsidiaries. In connection with the original investment in 2000, the Corporation transferred information technology equipment and infrastructure having a net book value of approximately $48,600,000 and cash in the amount of $700,000 in exchange for common and preferred stock in PHNS. The stock received was recorded at the net book value of assets transferred.

The Corporation had 3.3 million shares of Class B common stock. The investment in common stock of PHNS is included in other assets (see Note 6) at a basis of approximately $22,000,000 as of September 30, 2010.

In October 2010, PHNS entered into a transaction agreement with ConJoin Global (ConJoin), in which ConJoin acquired all shares of PHNS. The existing stockholders of PHNS at the time of the transaction received a combination of cash consideration and shares of ConJoin stock. In exchange for its shares, the Corporation received approximately $13,500,000 at the time of the transaction and subsequently received $1,500,000 that was initially held in escrow. The Corporation anticipates receiving an additional $3,600,000 that is still being held in escrow. In addition, the Corporation received 8.8 million shares of ConJoin.

ConJoin subsequently changed its name to Anthelio Healthcare Solutions, Inc. (Anthelio).

The Corporation is currently negotiating a five-year contract extension with Anthelio as part of the transaction agreement. As part of the transaction and extension agreement, the Corporation received an additional 30 million shares of ConJoin stock. The investment in common stock of Anthelio is included in other assets at a basis of $38,104,000, which approximates the value of the stock at the time of the transaction. A deferred liability has been recorded corresponding to the value of the shares received in the contract extension. The deferral will be recognized as a reduction to purchased services over the contract period.

During the years ended September 30, 2011 and 2010, the Corporation and its subsidiaries purchased services from Anthelio of approximately $90,213,000 and $83,655,000, respectively.

## Note 16 - Functional Expenses

The Corporation provides general healthcare services to residents within its geographical locations. Expenses related to providing these services are as follows (in thousands):

| | 2011 | 2010 |
|---|---|---|
| Healthcare services | $ 1,481,379 | $ 1,466,892 |
| General and administrative | 532,146 | 469,655 |
| Total | $ 2,013,525 | $ 1,936,547 |

## Note 17 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

**Cash and Cash Equivalents** - The carrying amount approximates fair value because of the short maturity of those instruments.

**Investments** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices or quoted prices for similiar assets in active markets.

**Accounts Receivable, Accounts Payable, and Accrued Liabilities** - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.

**Estimated Third-party Payor Settlements - Net** - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates their fair value.

**Fair Value of Interest Rate Swap** - The fair value of the interest rate swap is based on a mark-to-market calculation of the notional amount of the interest rate swap.

**Long-term Debt** - The fair value of bonds is estimated based on current traded value. The fair value of remaining debt is estimated using discounted cash flow analysis, based on current investment borrowing rates for similar types of borrowing arrangements.

The estimated fair value of the Corporation's long-term debt is as follows (in thousands):

| | Carrying Amount | Fair Value |
|---|---|---|
| 2011 long-term debt | $ 600,150 | $ 615,914 |
| 2010 long-term debt | 556,144 | 572,758 |

## Note 18 - Subsequent Event

In July 2011, the Corporation entered into a letter of intent with Northern Michigan Regional Health System (NMRHS), pursuant to which MHC would become the sole member of NMRHS.

NMRHS is a healthcare system comprised of 12 affiliates, located in Petoskey, Michigan. The most significant affiliate is Northern Michigan Regional Hospital, a 202-bed acute care hospital.

NMRHS has total assets of approximately $165,000,000 and annual revenue of approximately $230,000,000.

Subsequent to September 30, 2011, the board of directors of the Corporation has approved moving forward with the transaction, pending approval by Northern Michigan Regional Health System's board. Upon approval, the Corporation will become the sole member of Northern Michigan Regional Health System effective January 1, 2012.

# Additional Information

plante moran

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## Independent Auditor's Report on Additional Information

To the Board of Directors
McLaren Health Care Corporation
and Subsidiaries

We have audited the consolidated financial statements of McLaren Health Care Corporation and Subsidiaries as of September 30, 2011 and 2010. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the accompanying schedules, as listed in the table of contents, is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and is not a required part of the basic consolidated financial statements. The consolidating information has been subjected to the procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Plante & Moran, PLLC

January 5, 2012

# McLaren Health Care Corporation and Subsidiaries

| | MHC | MRMC | BRMC | LRMC | IRMC | MCRMC | POHRMC |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and cash equivalents | $ 55,899 | $ 36,175 | $ 8,419 | $ 7,273 | $ 21,841 | $ 11,654 | $ 25,639 |
| Collateral from securities lending | 14,906 | - | - | - | - | - | - |
| Accounts receivable | - | 58,531 | 28,219 | 10,530 | 26,979 | 19,800 | 6,445 |
| Cost report settlements receivable | - | 339 | 3,187 | 2,834 | 5,503 | 1,725 | - |
| Assets limited as to use for payment of current liabilities | - | 1,000 | - | 500 | 786 | - | 1,571 |
| Other current assets | 21,468 | 7,617 | 3,738 | 2,039 | 4,030 | 5,925 | 2,650 |
| Total current assets | 92,273 | 103,662 | 43,563 | 23,176 | 59,139 | 39,104 | 36,305 |
| **Property and Equipment** - Net | 105,039 | 179,372 | 93,675 | 27,894 | 115,312 | 124,972 | 38,209 |
| **Other Assets** | 81,109 | 157,695 | 144,162 | 29,390 | 76,587 | 127,901 | 26,444 |
| Total assets | **$ 278,421** | **$ 440,729** | **$ 281,400** | **$ 80,460** | **$ 251,038** | **$ 291,977** | **$ 100,958** |
| **Liabilities and Net Assets** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Current portion of long-term debt | $ 452 | $ 2,546 | $ 661 | $ 955 | $ 2,946 | $ 2,595 | $ 724 |
| Notes payable | - | 10,000 | - | - | - | - | 3,900 |
| Accounts payable | 22,716 | 28,672 | 11,661 | 3,815 | 22,538 | 12,179 | 11,334 |
| Cost report settlements payable | - | 11,083 | 2,532 | - | - | 2,254 | 2,565 |
| Accrued liabilities | 28,949 | 22,648 | 14,861 | 5,853 | 12,703 | 17,121 | 5,835 |
| Total current liabilities | 52,117 | 74,949 | 29,715 | 10,623 | 38,187 | 34,149 | 24,358 |
| **Long-term Debt** - Net of current portion | 10,502 | 184,121 | 49,581 | 40,238 | 111,970 | 151,360 | 36,964 |
| **Fair Value of Interest Rate Swap Agreements** | 46,186 | - | - | - | - | - | - |
| **Other Liabilities** | 109,951 | 127,563 | 52,810 | 19,189 | 61,797 | 30,617 | 22,022 |
| Total liabilities | 218,756 | 386,633 | 132,106 | 70,050 | 211,954 | 216,126 | 83,344 |
| **Net Assets** | | | | | | | |
| Unrestricted | 59,665 | 51,224 | 148,822 | 10,410 | 39,084 | 75,569 | 16,672 |
| Temporarily restricted | - | 2,872 | - | - | - | 282 | 942 |
| Permanently restricted | - | - | 472 | - | - | - | - |
| Total liabilities and net assets | **$ 278,421** | **$ 440,729** | **$ 281,400** | **$ 80,460** | **$ 251,038** | **$ 291,977** | **$ 100,958** |

# Consolidating Balance Sheet
# September 30, 2011
**(in thousands)**

| CMCH | MMG | MHG | MHP | BSCH | MICOL | Foundations | Eliminating Entries | Total |
|---|---|---|---|---|---|---|---|---|
| $ 14,212 | $ 244 | $ 1,418 | $ 105,863 | $ 708 | $ 9,579 | $ 1,244 | $ - | $ 300,168 |
| - | - | - | - | - | - | - | - | 14,906 |
| 7,434 | 7,845 | 19,535 | 2,627 | 1,426 | - | - | (4,008) | 185,363 |
| - | - | 148 | - | - | - | - | (7,442) | 6,294 |
| 789 | - | - | - | - | - | - | - | 4,646 |
| 2,056 | 1,624 | 15,885 | 432 | 81 | 746 | 23 | (20,967) | 47,347 |
| 24,491 | 9,713 | 36,986 | 108,922 | 2,215 | 10,325 | 1,267 | (32,417) | 558,724 |
| 31,598 | 23,721 | 15,157 | 3,248 | 1,417 | - | 7 | - | 759,621 |
| 19,212 | 9,260 | 13,369 | 9,711 | 12,488 | 56,293 | 61,556 | (77,884) | 747,293 |
| **$ 75,301** | **$ 42,694** | **$ 65,512** | **$ 121,881** | **$ 16,120** | **$ 66,618** | **$ 62,830** | **$ (110,301)** | **$2,065,638** |
| $ 603 | $ - | $ 3,637 | $ - | $ - | $ - | $ - | $ (519) | $ 14,600 |
| 12,365 | - | - | - | - | - | - | - | 26,265 |
| 4,593 | 325 | 5,458 | 50,339 | 260 | 19 | 1,398 | (18,589) | 156,718 |
| 692 | - | - | - | 230 | - | - | (7,442) | 11,914 |
| 6,136 | 4,546 | 16,798 | 2,648 | 509 | - | 74 | (13,324) | 125,357 |
| 24,389 | 4,871 | 25,893 | 52,987 | 999 | 19 | 1,472 | (39,874) | 334,854 |
| 814 | - | 1,037 | - | - | - | - | (1,037) | 585,550 |
| - | - | - | - | - | - | - | - | 46,186 |
| 500 | 11,126 | 2,767 | 1,451 | - | 57,675 | 13 | (67,415) | 430,066 |
| 25,703 | 15,997 | 29,697 | 54,438 | 999 | 57,694 | 1,485 | (108,326) | 1,396,656 |
| 48,584 | 26,697 | 35,815 | 67,443 | 15,121 | 8,924 | 20,196 | (1,975) | 622,251 |
| 875 | - | - | - | - | - | 5,633 | - | 10,604 |
| 139 | - | - | - | - | - | 35,516 | - | 36,127 |
| **$ 75,301** | **$ 42,694** | **$ 65,512** | **$ 121,881** | **$ 16,120** | **$ 66,618** | **$ 62,830** | **$ (110,301)** | **$2,065,638** |

# McLaren Health Care Corporation and Subsidiaries

| | MHC | MRMC | BRMC | LRMC | IRMC | MCRMC | POHRMC |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and cash equivalents | $ 10,434 | $ 53,838 | $ 20,742 | $ 12,276 | $ 34,348 | $ 1,344 | $ 17,644 |
| Collateral from securities lending | 26,151 | - | - | - | - | - | - |
| Accounts receivable | - | 42,243 | 23,416 | 9,210 | 31,637 | 17,471 | 7,841 |
| Estimated third-party payor settlements | - | 2,904 | 983 | 2,484 | 3,748 | 2,267 | 1,614 |
| Assets limited as to use | - | 1,000 | - | 500 | 786 | - | 1,582 |
| Other current assets | 14,024 | 5,883 | 3,730 | 1,758 | 3,908 | 5,567 | 2,964 |
| Total current assets | 50,609 | 105,868 | 48,871 | 26,228 | 74,427 | 26,649 | 31,645 |
| **Property and Equipment** - Net | 82,144 | 135,453 | 97,952 | 30,675 | 119,384 | 132,756 | 41,631 |
| **Other Assets** | 68,312 | 115,482 | 133,965 | 26,260 | 71,634 | 132,162 | 26,353 |
| Total assets | **$ 201,065** | **$ 356,803** | **$ 280,788** | **$ 83,163** | **$ 265,445** | **$ 291,567** | **$ 99,629** |
| **Liabilities and Net Assets** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Current portion of long-term debt | $ 430 | $ 2,401 | $ 624 | $ 922 | $ 3,552 | $ 8,073 | $ 205 |
| Notes payable | - | 7,125 | - | - | - | - | 3,900 |
| Accounts payable | 8,011 | 15,738 | 9,629 | 4,214 | 21,182 | 10,951 | 8,221 |
| Cost report settlements payable | - | 12,104 | 1,299 | - | - | 5,283 | - |
| Accrued liabilities | 38,641 | 24,531 | 16,154 | 5,587 | 14,570 | 18,637 | 6,419 |
| Total current liabilities | 47,082 | 61,899 | 27,706 | 10,723 | 39,304 | 42,944 | 18,745 |
| **Long-term Debt** - Net of current portion | 10,934 | 117,432 | 50,242 | 41,183 | 114,414 | 147,936 | 39,030 |
| **Fair Value of Interest Rate Swap Agreements** | 38,339 | - | - | - | - | - | - |
| **Other Liabilities** | 56,971 | 105,939 | 47,422 | 15,936 | 53,435 | 21,790 | 18,416 |
| Total liabilities | 153,326 | 285,270 | 125,370 | 67,842 | 207,153 | 212,670 | 76,191 |
| **Net Assets** | | | | | | | |
| Unrestricted | 47,739 | 69,159 | 154,946 | 15,321 | 58,292 | 78,653 | 21,286 |
| Temporarily restricted | - | 2,374 | - | - | - | 244 | 2,152 |
| Permanently restricted | - | - | 472 | - | - | - | - |
| Total liabilities and net assets | **$ 201,065** | **$ 356,803** | **$ 280,788** | **$ 83,163** | **$ 265,445** | **$ 291,567** | **$ 99,629** |

# Consolidating Balance Sheet
# September 30, 2010
## (In thousands)

| CMCH | MMG | MHG | MHP | BSCH | MICOL | Foundations | Eliminating Entries | Total |
|---|---|---|---|---|---|---|---|---|
| $ 9,472 | $ 6,038 | $ 2,185 | $ 98,176 | $ 798 | $ 14,363 | $ 1,675 | $ - | $ 283,333 |
| - | - | - | - | - | - | - | - | 26,151 |
| 7,270 | 6,480 | 21,157 | 4,467 | 1,462 | - | - | 1,439 | 174,093 |
| - | - | 322 | - | - | - | - | (11,471) | 2,851 |
| 4,436 | - | - | - | - | - | - | - | 8,304 |
| 3,020 | 957 | 9,142 | 201 | 78 | 386 | 17 | (13,684) | 37,951 |
| 24,198 | 13,475 | 32,806 | 102,844 | 2,338 | 14,749 | 1,692 | (23,716) | 532,683 |
| 32,571 | 24,198 | 7,635 | 3,471 | 1,521 | - | 4 | - | 709,395 |
| 14,157 | 6,963 | 13,138 | 9,600 | 12,053 | 55,881 | 63,049 | (46,891) | 702,118 |
| **$ 70,926** | **$ 44,636** | **$ 53,579** | **$ 115,915** | **$ 15,912** | **$ 70,630** | **$ 64,745** | **$ (70,607)** | **$1,944,196** |
| $ 938 | $ - | $ 651 | $ - | $ - | $ - | $ - | $ (519) | $ 17,277 |
| - | - | - | - | - | - | - | - | 11,025 |
| 2,638 | 121 | 2,996 | 45,880 | 307 | 32 | 1,532 | (9,239) | 122,213 |
| 1,580 | - | - | - | 300 | - | - | (11,471) | 9,095 |
| 7,604 | 6,397 | 7,441 | 1,707 | 592 | - | 16 | (2,994) | 145,302 |
| 12,760 | 6,518 | 11,088 | 47,587 | 1,199 | 32 | 1,548 | (24,223) | 304,912 |
| 14,571 | - | 4,681 | - | - | - | - | (1,556) | 538,867 |
| - | - | - | - | - | - | - | - | 38,339 |
| 430 | 8,903 | 2,072 | 1,149 | - | 61,937 | 25 | (42,853) | 351,572 |
| 27,761 | 15,421 | 17,841 | 48,736 | 1,199 | 61,969 | 1,573 | (68,632) | 1,233,690 |
| 41,828 | 29,215 | 35,738 | 67,179 | 14,713 | 8,661 | 19,381 | (1,975) | 660,136 |
| 1,197 | - | - | - | - | - | 6,382 | - | 12,349 |
| 140 | - | - | - | - | - | 37,409 | - | 38,021 |
| **$ 70,926** | **$ 44,636** | **$ 53,579** | **$ 115,915** | **$ 15,912** | **$ 70,630** | **$ 64,745** | **$ (70,607)** | **$1,944,196** |

# McLaren Health Care Corporation and Subsidiaries

| | MHC | MRMC | BRMC | LRMC | IRMC | MCRMC | POHRMC |
|---|---|---|---|---|---|---|---|
| **Unrestricted Revenue, Gains, and Other Support** | | | | | | | |
| Patient service revenue | $ - | $1,206,771 | $ 729,294 | $ 330,927 | $ 850,444 | $ 709,026 | $ 273,888 |
| Revenue deductions | - | (815,349) | (479,128) | (229,113) | (546,972) | (423,481) | (128,142) |
| Net patient service revenue | - | 391,422 | 250,166 | 101,814 | 303,472 | 285,545 | 145,746 |
| Other | 105,986 | 4,673 | 21,699 | 1,263 | 10,095 | 5,258 | 3,070 |
| Net assets released from restrictions used for operations | - | - | - | - | - | 67 | 930 |
| Total unrestricted revenue, gains, and other support | 105,986 | 396,095 | 271,865 | 103,077 | 313,567 | 290,870 | 149,746 |
| **Expenses** | | | | | | | |
| Salaries and wages | 18,754 | 152,364 | 106,449 | 35,849 | 117,952 | 104,258 | 51,180 |
| Employee benefits and payroll taxes | 5,717 | 45,211 | 26,066 | 10,954 | 34,330 | 22,271 | 13,409 |
| Supplies | 202 | 66,034 | 53,458 | 16,014 | 63,652 | 46,460 | 18,717 |
| Outside services | 59,751 | 22,069 | 22,805 | 4,467 | 32,232 | 45,891 | 30,524 |
| Professional and other liability costs | - | 793 | 3,363 | 42 | 1,210 | 661 | 2,274 |
| Healthcare costs | - | - | - | - | - | - | - |
| Depreciation and amortization | 14,139 | 20,553 | 11,166 | 5,511 | 14,221 | 17,363 | 6,148 |
| Provision for bad debts | - | 20,906 | 11,426 | 9,902 | 16,631 | 24,224 | 16,322 |
| Interest expense | 688 | 6,156 | 2,468 | 1,995 | 5,878 | 7,203 | 1,249 |
| Other | 5,683 | 48,197 | 24,572 | 14,299 | 30,797 | 10,875 | 6,964 |
| Total expenses | 104,934 | 382,283 | 261,773 | 99,033 | 316,903 | 279,206 | 146,787 |
| **Operating Income (Loss)** | 1,052 | 13,812 | 10,092 | 4,044 | (3,336) | 11,664 | 2,959 |
| **Other Income (Loss)** | | | | | | | |
| Investment income | 605 | 2,518 | 3,244 | 795 | 1,393 | 2,198 | 301 |
| Change in interest rate swap agreements | (7,847) | - | - | - | - | - | - |
| Change in unrealized gains and losses on investments | 681 | (4,925) | (9,382) | (1,085) | (2,535) | (2,863) | (575) |
| Loss on extinguishment of debt | - | - | - | - | - | - | - |
| Total other (loss) income | (6,561) | (2,407) | (6,138) | (290) | (1,142) | (665) | (274) |
| **Excess of Revenue (Under) Over Expenses** | (5,509) | 11,405 | 3,954 | 3,754 | (4,478) | 10,999 | 2,685 |
| **Net Assets Transferred from (to) Affiliate** | 19,147 | (2,852) | (2,248) | (3,608) | (3,417) | (6,033) | (1,860) |
| **Other** | - | - | - | - | - | - | (269) |
| **Pension-related Changes Other Than Net Periodic Benefit Cost** | (1,712) | (26,608) | (7,830) | (5,057) | (11,313) | (8,050) | (6,085) |
| **Net Assets Released from Restriction** | - | 120 | - | - | - | - | 915 |
| **Increase (Decrease) in Unrestricted Net Assets** | $ 11,926 | $ (17,935) | $ (6,124) | $ (4,911) | $ (19,208) | $ (3,084) | $ (4,614) |

# Consolidating Statement of Operations
## Year Ended September 30, 2011
**(in thousands)**

| CMCH | MMG | MHG | MHP | BSCH | MICOL | Foundations | Eliminating Entries | Total |
|---|---|---|---|---|---|---|---|---|
| $ 233,211 | $ 79,758 | $ 116,752 | $ - | $ 22,371 | $ - | $ - | $ (209,471) | $ 4,342,971 |
| (146,836) | (29,121) | (18,249) | - | (14,284) | - | - | 172,030 | (2,658,645) |
| 86,375 | 50,637 | 98,503 | - | 8,087 | - | - | (37,441) | 1,684,326 |
| 1,691 | 3,513 | 366 | 319,114 | 5 | 6,499 | 2,683 | (107,455) | 378,460 |
| - | - | - | - | - | - | 796 | - | 1,793 |
| 88,066 | 54,150 | 98,869 | 319,114 | 8,092 | 6,499 | 3,479 | (144,896) | 2,064,579 |
| 35,329 | 38,919 | 36,216 | 6,991 | 3,833 | - | 385 | (16,560) | 691,919 |
| 5,793 | 8,752 | 9,327 | - | 969 | - | 88 | (6,092) | 176,795 |
| 14,386 | 3,711 | 32,065 | - | 1,516 | - | 43 | (185) | 316,073 |
| 11,142 | 2,978 | 4,599 | 4,505 | 983 | - | 126 | (62,962) | 179,110 |
| - | 937 | - | - | - | 6,191 | - | - | 15,471 |
| - | - | - | 211,310 | - | - | - | (33,607) | 177,703 |
| 4,397 | 2,486 | 1,707 | 414 | 127 | - | - | (13,155) | 85,077 |
| 5,832 | 1,255 | 2,975 | - | 43 | - | - | - | 109,516 |
| 520 | - | 166 | - | - | - | - | (667) | 25,656 |
| 7,286 | 8,782 | 10,491 | 77,534 | - | 308 | 2,085 | (11,668) | 236,205 |
| 84,685 | 67,820 | 97,546 | 300,754 | 7,471 | 6,499 | 2,727 | (144,896) | 2,013,525 |
| 3,381 | (13,670) | 1,323 | 18,360 | 621 | - | 752 | - | 51,054 |
| 1,495 | 5 | 237 | 120 | 278 | - | 205 | - | 13,394 |
| - | - | - | - | - | - | - | - | (7,847) |
| (2,729) | - | (439) | (13) | (491) | 263 | (569) | - | (24,662) |
| (631) | - | - | - | - | - | - | - | (631) |
| (1,865) | 5 | (202) | 107 | (213) | 263 | (364) | - | (19,746) |
| 1,516 | (13,665) | 1,121 | 18,467 | 408 | 263 | 388 | - | 31,308 |
| 5,747 | 13,842 | (260) | (18,000) | - | - | (458) | - | - |
| (978) | - | - | - | - | - | - | - | (1,247) |
| - | (2,695) | (784) | (203) | - | - | - | - | (70,337) |
| 471 | - | - | - | - | - | 885 | - | 2,391 |
| **$ 6,756** | **$ (2,518)** | **$ 77** | **$ 264** | **$ 408** | **$ 263** | **$ 815** | **$ -** | **$ (37,885)** |

# McLaren Health Care Corporation and Subsidiaries

| | MHC | MRMC | BRMC | LRMC | IRMC | MCRMC | POHRMC |
|---|---|---|---|---|---|---|---|
| **Unrestricted Revenue, Gains, and Other Support** | | | | | | | |
| Patient service revenue | $ - | $1,092,518 | $ 696,686 | $ 272,859 | $ 854,189 | $ 667,434 | $ 261,419 |
| Revenue deductions | - | (733,861) | (450,503) | (179,087) | (543,561) | (389,883) | (121,088) |
| Net patient service revenue | - | 358,657 | 246,183 | 93,772 | 310,628 | 277,551 | 140,331 |
| Other | 99,915 | 5,733 | 19,175 | 1,109 | 9,563 | 6,034 | 3,239 |
| Net assets released from restrictions used for operations | - | - | - | - | - | 176 | 634 |
| Total unrestricted revenue, gains, and other support | 99,915 | 364,390 | 265,358 | 94,881 | 320,191 | 283,761 | 144,204 |
| **Expenses** | | | | | | | |
| Salaries and wages | 16,603 | 139,830 | 103,670 | 33,384 | 113,281 | 96,362 | 50,323 |
| Employee benefits and payroll taxes | 5,069 | 38,459 | 25,977 | 10,486 | 35,696 | 22,018 | 12,592 |
| Supplies | 371 | 65,060 | 53,736 | 12,347 | 63,825 | 45,194 | 16,637 |
| Outside services | 56,009 | 35,534 | 22,424 | 4,533 | 35,627 | 51,455 | 31,286 |
| Professional and other liability costs | - | 509 | 1,928 | (122) | 1,242 | (22) | 2,052 |
| Healthcare costs | - | - | - | - | - | - | - |
| Depreciation and amortization | 12,230 | 18,931 | 11,575 | 6,393 | 14,280 | 16,184 | 6,281 |
| Provision for bad debts | 1,500 | 19,955 | 10,775 | 8,847 | 17,552 | 25,930 | 14,988 |
| Interest expense | 732 | 6,213 | 2,429 | 2,050 | 5,994 | 7,190 | 2,177 |
| Other | 4,837 | 27,685 | 22,781 | 13,584 | 30,746 | 10,194 | 7,130 |
| Total expenses | 97,351 | 352,176 | 255,295 | 91,502 | 318,243 | 274,505 | 143,466 |
| **Operating Income (Loss)** | 2,564 | 12,214 | 10,063 | 3,379 | 1,948 | 9,256 | 738 |
| **Other Income (Loss)** | | | | | | | |
| Investment income | 461 | 2,282 | 2,511 | 423 | 1,462 | 2,046 | 671 |
| Change in interest rate swap agreements | (12,788) | - | - | - | - | - | - |
| Change in unrealized gains and losses on investments | (342) | 7,430 | 8,064 | 1,454 | 6,729 | 5,438 | 638 |
| Total other (loss) income | (12,669) | 9,712 | 10,575 | 1,877 | 8,191 | 7,484 | 1,309 |
| **Excess of Revenue (Under) Over Expenses** | (10,105) | 21,926 | 20,638 | 5,256 | 10,139 | 16,740 | 2,047 |
| **Net Assets Transferred from (to) Affiliate** | 13,480 | (1,468) | (1,309) | (2,275) | (2,256) | (5,554) | (1,200) |
| **Pension-related Changes Other Than Net Periodic Benefits** | (1,047) | (24,246) | (8,809) | (3,525) | (6,669) | (5,675) | (3,565) |
| **Net Assets Released from Restriction** | - | 95 | - | - | - | - | - |
| **Increase (Decrease) in Unrestricted Net Assets** | $ 2,328 | $ (3,693) | $ 10,520 | $ (544) | $ 1,214 | $ 5,511 | $ (2,718) |

# Consolidating Statement of Operations
## Year Ended September 30, 2010
### (in thousands)

| CMCH | MMG | MHG | MHP | BSCH | MICOL | Foundations | Eliminating Entries | Total |
|---|---|---|---|---|---|---|---|---|
| $ 186,040 | $ 74,773 | $ 110,756 | $ - | $ 20,054 | $ - | $ - | $ (190,271) | $ 4,046,457 |
| (110,131) | (24,843) | (19,744) | - | (12,404) | - | - | 160,007 | (2,425,098) |
| 75,909 | 49,930 | 91,012 | - | 7,650 | - | - | (30,264) | 1,621,359 |
| 1,897 | 133 | 720 | 303,404 | 6 | 5,266 | 3,326 | (100,157) | 359,363 |
| - | - | - | - | - | - | 1,270 | - | 2,080 |
| 77,806 | 50,063 | 91,732 | 303,404 | 7,656 | 5,266 | 4,596 | (130,421) | 1,982,802 |
| 31,133 | 35,235 | 35,822 | 6,343 | 3,652 | - | 361 | (15,553) | 650,446 |
| 5,546 | 8,243 | 8,282 | - | 1,141 | - | 113 | (5,351) | 168,271 |
| 12,875 | 4,041 | 27,095 | - | 1,594 | - | 55 | (519) | 302,311 |
| 7,887 | 2,495 | 3,979 | 3,570 | 778 | - | 622 | (59,073) | 197,126 |
| - | 749 | - | - | - | 4,980 | - | - | 11,316 |
| - | - | - | 202,586 | - | - | - | (29,669) | 172,917 |
| 4,356 | 2,283 | 1,150 | 448 | 128 | - | - | (12,293) | 81,946 |
| 5,335 | 1,133 | 2,697 | - | 105 | - | - | - | 108,817 |
| 1,089 | - | 173 | - | - | - | - | (695) | 27,352 |
| 7,941 | 7,672 | 9,890 | 78,020 | - | 286 | 2,547 | (7,268) | 216,045 |
| 76,162 | 61,851 | 89,088 | 290,967 | 7,398 | 5,266 | 3,698 | (130,421) | 1,936,547 |
| 1,644 | (11,788) | 2,644 | 12,437 | 258 | - | 898 | - | 46,255 |
| 623 | 9 | 355 | 214 | 270 | - | 253 | - | 11,580 |
| - | - | - | - | - | - | - | - | (12,788) |
| 260 | - | 685 | 249 | 867 | 4,632 | 1,038 | - | 37,142 |
| 883 | 9 | 1,040 | 463 | 1,137 | 4,632 | 1,291 | - | 35,934 |
| 2,527 | (11,779) | 3,684 | 12,900 | 1,395 | 4,632 | 2,189 | - | 82,189 |
| - | 12,413 | (28) | (11,000) | (11) | - | (792) | - | - |
| - | (1,974) | (434) | (255) | - | - | - | - | (56,199) |
| 1,845 | - | - | - | - | - | 2,104 | - | 4,044 |
| $ 4,372 | $ (1,340) | $ 3,222 | $ 1,645 | $ 1,384 | $ 4,632 | $ 3,501 | $ - | $ 30,034 |

# McLaren Health Care Corporation and Subsidiaries

## Consolidating Balance Sheet - Credit Group
## September 30, 2011
**(in thousands)**

| | McLaren Credit Group | Noncredit Group Members | Eliminating Entries | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | $ 167,606 | $ 132,562 | $ - | $ 300,168 |
| Collateral from securities lending | 14,906 | - | - | 14,906 |
| Accounts receivable | 146,904 | 38,459 | - | 185,363 |
| Cost report settlements receivable | 13,588 | 148 | (7,442) | 6,294 |
| Assets limited as to use for payment of current liabilities | 3,857 | 789 | - | 4,646 |
| Other current assets | 35,234 | 12,133 | (20) | 47,347 |
| Total current assets | 382,095 | 184,091 | (7,462) | 558,724 |
| **Property and Equipment** - Net | 684,480 | 75,141 | - | 759,621 |
| **Other Assets** | 640,034 | 131,684 | (24,425) | 747,293 |
| Total assets | **$ 1,706,609** | **$ 390,916** | **$ (31,887)** | **$ 2,065,638** |
| **Liabilities and Net Assets** | | | | |
| **Current Liabilities** | | | | |
| Current portion of long-term debt | $ 10,879 | $ 4,240 | $ (519) | $ 14,600 |
| Notes payable | 13,900 | 12,365 | - | 26,265 |
| Accounts payable | 103,957 | 52,761 | - | 156,718 |
| Cost report settlements payable | 18,434 | 922 | (7,442) | 11,914 |
| Accrued liabilities | 101,856 | 30,459 | (6,958) | 125,357 |
| Total current liabilities | 249,026 | 100,747 | (14,919) | 334,854 |
| **Long-term Debt** - Net of current portion | 584,736 | 1,851 | (1,037) | 585,550 |
| **Fair Value of Interest Rate Swap Agreement** | 46,186 | - | - | 46,186 |
| **Other Liabilities** | 370,486 | 73,536 | (13,956) | 430,066 |
| Total liabilities | 1,250,434 | 176,134 | (29,912) | 1,396,656 |
| **Net Assets** | | | | |
| Unrestricted | 415,221 | 209,005 | (1,975) | 622,251 |
| Temporarily restricted | 7,286 | 3,318 | - | 10,604 |
| Permanently restricted | 33,668 | 2,459 | - | 36,127 |
| Total liabilities and net assets | **$ 1,706,609** | **$ 390,916** | **$ (31,887)** | **$ 2,065,638** |

# McLaren Health Care Corporation and Subsidiaries

## Consolidating Statement of Operations - Credit Group
## Year Ended September 30, 2011
**(in thousands)**

| | McLaren Credit Group | Noncredit Group Members | Eliminating Entries | Total |
|---|---|---|---|---|
| **Unrestricted Revenue, Gains, and Other Support** | | | | |
| Patient service revenue | $ 4,096,494 | $ 452,092 | $ (205,615) | $ 4,342,971 |
| Revenue deductions | (2,618,329) | (208,490) | 168,174 | (2,658,645) |
| Net patient service revenue | 1,478,165 | 243,602 | (37,441) | 1,684,326 |
| Other | 61,332 | 332,035 | (14,907) | 378,460 |
| Net assets released from restrictions used for operations | 997 | 796 | - | 1,793 |
| Unrestricted revenue, gains, and other support | 1,540,494 | 576,433 | (52,348) | 2,064,579 |
| **Expenses** | | | | |
| Salaries and wages | 572,170 | 121,485 | (1,736) | 691,919 |
| Employee benefits and payroll taxes | 152,543 | 24,890 | (638) | 176,795 |
| Supplies | 264,378 | 51,714 | (19) | 316,073 |
| Outside services | 160,382 | 24,280 | (5,552) | 179,110 |
| Professional and other liability costs | 8,343 | 7,128 | - | 15,471 |
| Healthcare costs | - | 211,310 | (33,607) | 177,703 |
| Depreciation and amortization | 76,895 | 9,131 | (949) | 85,077 |
| Provision for bad debts | 99,411 | 10,105 | - | 109,516 |
| Interest expense | 25,040 | 686 | (70) | 25,656 |
| Other | 140,585 | 105,397 | (9,777) | 236,205 |
| Total expenses | 1,499,747 | 566,126 | (52,348) | 2,013,525 |
| **Operating Income** | 40,747 | 10,307 | - | 51,054 |
| **Other Income (Loss)** | | | | |
| Investment income | 11,259 | 2,135 | - | 13,394 |
| Change in interest rate swap agreements | (7,847) | - | - | (7,847) |
| Change in unrealized gains and losses on investments | (21,081) | (3,581) | - | (24,662) |
| Loss on extinguishment of debt | - | (631) | - | (631) |
| Total other loss | (17,669) | (2,077) | - | (19,746) |
| **Excess of Revenue Over Expenses** | 23,078 | 8,230 | - | 31,308 |
| **Net Assets Transferred (to) from Affiliate** | (871) | 871 | - | - |
| **Contributions to Charity Care** | (269) | (978) | - | (1,247) |
| **Pension-related Changes Other Than Net Periodic Benefit Cost** | (66,655) | (3,682) | - | (70,337) |
| **Net Assets Released from Restriction** | 1,220 | 1,171 | - | 2,391 |
| **(Decrease) Increase in Unrestricted Net Assets** | $ (43,497) | $ 5,612 | $ - | $ (37,885) |