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Part IIIStatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

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

2Did 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

3Did 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

4Describe 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 \$ 337,369,648 including grants of \$ 2,852,363) (Revenue \$ 394,547,004)

PROVISION OF MEDICAL SERVICES FOR THE INPATIENT AND OUTPATIENT CARE OF PERSONS SUFFERING FROM ILLNESS, INJURY, AND DISABILITY, FOR THE PREVENTION OF ILLNESS INJURY AND DISABILITY AND FOR THE MAINTENANCE OF HEALTH SELECTED ACTIVITY STATISTICS ARE PRESENTED PATIENT DAYS 97,025DISCHARGES 21,576EMERGENCY ROOM VISITS 64,986OUTPATIENT VISITS 466,155BIRTHS 555

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 \$ 337,369,648

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, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	242
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	4
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	2,919
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes
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	13	
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	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a		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		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ RICK WYLES 401 S BALLENGER HWY FLINT, MI 48532 (810) 342-2000

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KRISTEN SKIVINGTON PHD CHAIRMAN	2.00	X		X				0	0	0
(2) LAWRENCE MOON DIRECTOR	2.00	X						0	0	0
(3) LYNN EVANS DIRECTOR	2.00	X						0	0	0
(4) PHILIP INCARNATI DIRECTOR	2.00	X						0	5,565,975	619,868
(5) GHASSAN SAAB DIRECTOR	2.00	X						0	0	0
(6) OLIVIA PROCTOR MAYNARD DIRECTOR	2.00	X						0	0	0
(7) FRAZER WADENSTORER MD DIRECTOR	2.00	X						70,000	0	0
(8) JAGDISH BHAGAT MD DIRECTOR	2.00	X						120,000	0	0
(9) JIM CUMMINS DIRECTOR	2.00	X						0	0	0
(10) SHERRI STEPHENS DIRECTOR	2.00	X						0	0	0
(11) DAVID MAZURKIEWICZ DIRECTOR	2.00	X						0	518,327	88,056
(12) DON KOOY PRESIDENT	40.00	X		X				893,828	0	254,940
(13) EDWARD ABBOTT SECRETARY	2.00	X		X				0	0	0
(14) DUANE MILLER VICE-CHAIRMAN	2.00	X		X				0	0	0
(15) RICK WYLES CFO	40.00			X				247,685	0	49,800
(16) SUSAN SMITH PHYSICIAN	40.00					X		297,197	0	43,807

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) CARLOS PETROZZI PHYSICIAN	40 00					X		285,003	0	33,012
(18) MUSTAFA ALNOUNOU PHYSICIAN	40 00					X		449,533	0	13,242
(19) JEFFREY MITCHELL ADMINISTRATOR-MEDICAL AFFAIRS	40 00					X		279,389	0	11,500
(20) PRAJESH PATEL PHYSICIAN	40 00					X		277,698	0	24,750
(21) DENNIS KRZEMINSKI FORMER DIRECTOR	0 00						X	0	700,599	1,530
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,920,333	6,784,901	1,140,505

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▶166

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

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
MORRISON MANAGEMENT SPECIALIST 5801 PEACH TREE DUNWOODY RD ATLANTA, GA 30342	DIETARY MGMT & FOOD COSTS	3,262,691
ANTHELIOPROVIDER HEALTH NET SERVICE IN 5400 LBJ FREEWAY SUITE 200 DALLAS, TX 75240	TRANSCRIPTION & CODING SERVICES	2,731,429
GENESEE HEALTH PLAN G-3169 BEECHER RD SUITE 104 FLINT, MI 48523644	ARRANGE HEALTH CARE FOR ELIGIBLE PUBLIC	2,341,536
HEALTH ADVANTAGE INC G-3245 BEECHER RD FLINT, MI 48532	ADMIN/STOP LOSS FEE	1,447,075
FLINT HEALTH SYSTEMS IMAGING ATTN DEPT CH 17861 PALATINE, IL 60074	DIAGNOSTIC IMAGING SERVICES	1,404,450

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 ▶41

Part VIII

Statement of Revenue

		(A)	(B)	(C)	(D)
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a				
	b Membership dues 1b				
	c Fundraising events 1c				
	d Related organizations 1d	610,193			
	e Government grants (contributions) 1e				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	510,252			
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f	1,120,445			
	Program Service Revenue	2a	Business Code		
PATIENT SERVICE REVENUE		621400	391,422,309	391,422,309	
b CONTRACTED MEDICAL SER		621400	3,124,695	3,124,695	
c LABORATORY		621500	1,105,108	1,105,108	
d					
e					
f All other program service revenue					
g Total. Add lines 2a-2f		395,652,112			
Other Revenue		3 Investment income (including dividends, interest and other similar amounts)			
		2,518,305			2,518,305
	4 Income from investment of tax-exempt bond proceeds . .				
	5 Royalties				
	6a Gross Rents	(i) Real	(ii) Personal		
		891,477			
	b Less rental expenses	857,919			
	c Rental income or (loss)	33,558			
	d Net rental income or (loss)			33,558	33,558
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			8,500		
	b Less cost or other basis and sales expenses	491,538	75,006		
	c Gain or (loss)	-491,538	-66,506		
	d Net gain or (loss)			-558,044	-558,044
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
	a				
	b Less direct expenses b				
	c Net income or (loss) from fundraising events . .				
	9a Gross income from gaming activities See Part IV, line 19 . a				
	b Less direct expenses b				
c Net income or (loss) from gaming activities . .					
10a Gross sales of inventory, less returns and allowances					
a					
b Less cost of goods sold b					
c Net income or (loss) from sales of inventory . .					
Miscellaneous Revenue	Business Code				
11a					
b					
c					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total revenue. See Instructions		398,766,376	394,547,004	1,105,108	1,993,819

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	2,852,363	2,852,363		
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	1,608,962	200,923	1,408,039	
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	143,548,007	133,710,486	9,837,521	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	14,379,897	13,245,957	1,133,940	
9	Other employee benefits	19,855,174	18,289,476	1,565,698	
10	Payroll taxes	10,304,954	9,477,794	827,160	
a	Fees for services (non-employees) Management				
b	Legal	103,521	5,950	97,571	
c	Accounting	93,758		93,758	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	50,029,955	30,380,061	19,649,894	
12	Advertising and promotion	1,032,195	140,995	891,200	
13	Office expenses	71,248,518	67,132,441	4,116,077	
14	Information technology	361,361	338,613	22,748	
15	Royalties				
16	Occupancy	7,366,282	7,085,684	280,598	
17	Travel	167,705	99,307	68,398	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	581,576	251,252	330,324	
20	Interest	6,212,000	5,280,200	931,800	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	20,022,785	16,454,188	3,568,597	
23	Insurance	810,338	810,338		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	20,906,080	20,906,080	0	
b	QUALITY ASSURANCE ASSES	6,906,965	6,906,965		
c	REPAIRS AND MAINTENANCE	4,487,962	3,352,809	1,135,153	
d	DUES, LICENSES, MEMBERS	572,995	124,254	448,741	
e	BOOKS	546,311	80,696	465,615	
f	All other expenses	242,816	242,816		
25	Total functional expenses. Add lines 1 through 24f	384,242,480	337,369,648	46,872,832	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			44,202	1	2,813,563
	2	Savings and temporary cash investments			53,794,148	2	33,361,631
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			42,750,135	4	58,601,241
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			4,351,101	8	5,507,794
	9	Prepaid expenses and deferred charges			1,634,727	9	2,109,145
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	391,948,914			
	b	Less: accumulated depreciation	10b	212,576,495	135,453,022	10c	179,372,419
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			103,961,613	12	138,905,178
	13	Investments—program-related. See Part IV, line 11			5,156,806	13	82,700
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			11,585,355	15	19,975,761
16	Total assets. Add lines 1 through 15 (must equal line 34)			358,731,109	16	440,729,432	
Liabilities	17	Accounts payable and accrued expenses			42,948,460	17	50,321,365
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			119,332,662	20	117,485,475
	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			7,625,000	23	79,181,132
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			117,292,643	25	139,646,499
	26	Total liabilities. Add lines 17 through 25			287,198,765	26	386,634,471
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			69,143,892	27	51,222,843
	28	Temporarily restricted net assets			2,388,452	28	2,872,118
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			71,532,344	33	54,094,961
34	Total liabilities and net assets/fund balances			358,731,109	34	440,729,432	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	398,766,376
2	Total expenses (must equal Part IX, column (A), line 25)	2	384,242,480
3	Revenue less expenses Subtract line 2 from line 1	3	14,523,896
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	71,532,344
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-31,961,279
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	54,094,961

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization MCLAREN REGIONAL MEDICAL CENTER	Employer identification number 38-2383119
---	--

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part III

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

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

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

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

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

Part IV

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

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 MCLAREN REGIONAL MEDICAL CENTER	Employer identification number 38-2383119
---	--

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

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

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		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		23,702
	j Total lines 1c through 1i			23,702
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 1.
Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	A PORTION OF OUR DUES TO MICHIGAN HEALTH AND HOSPITAL ASSOCIATION SUPPORT LOBBYING ACTIVITIES

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
MCLAREN REGIONAL MEDICAL CENTER

Employer identification number
38-2383119

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
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		5,641,114		5,641,114
b Buildings		126,926,464	72,095,376	54,831,088
c Leasehold improvements		3,866,627	1,905,306	1,961,321
d Equipment		203,418,376	134,433,999	68,984,377
e Other		52,096,333	4,141,814	47,954,519
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				179,372,419

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)	1398,766,376
2	Total expenses (Form 990, Part IX, column (A), line 25)	2384,242,480
3	Excess or (deficit) for the year Subtract line 2 from line 1	314,523,896
4	Net unrealized gains (losses) on investments	4-4,925,013
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-27,036,266
9	Total adjustments (net) Add lines 4 - 8	9-31,961,279
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-17,437,383

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 investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
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 7b4a	
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 facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
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 7b4a	
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 -26,608,342 UNREALIZED GAIN/LOSS ON INVESTMENT IN SUB -427,924

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

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

Name of the organization
MCLAREN REGIONAL MEDICAL CENTER

Employer identification number
38-2383119

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			5,681,062	4,820,814	860,248	0 240 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			49,047,554	34,785,100	14,262,454	3 930 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			8,691,226	1,023,608	7,667,618	2 110 %
d Total Financial Assistance and Means-Tested Government Programs			63,419,842	40,629,522	22,790,320	6 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		110,535	1,644,666		1,644,666	0 450 %
f Health professions education (from Worksheet 5)			14,757,331	8,693,931	6,063,400	1 670 %
g Subsidized health services (from Worksheet 6)			4,634,812	2,068,188	2,566,624	0 710 %
h Research (from Worksheet 7)			1,474,652		1,474,652	0 410 %
i Cash and in-kind contributions to community groups (from Worksheet 8)		250,125	348,200		348,200	0 100 %
j Total Other Benefits		360,660	22,859,661	10,762,119	12,097,542	3 340 %
k Total. Add lines 7d and 7j		360,660	86,279,503	51,391,641	34,887,862	9 620 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	220,983,315	
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	36,075,844	
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)	5188,602,186	
6	Enter Medicare allowable costs of care relating to payments on line 5	6130,521,220	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	758,080,966	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	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 IVManagement Companies and Joint Ventures

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

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

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

Schedule H (Form 990) 2010

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

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

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C INCOME CRITERIA IS BASED ON A 200% 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 HOSPITAL THIS ANNUAL REPORT IS AVAILABLE ON OUR WEBSITE

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 \$ 20906080

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
		<p>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 CHARGE RATIO</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B AT THIS TIME WE DO NOT HAVE A FORMAL DEBT COLLECTION POLICY BUT WILL BE ATTEMPTING TO DEVELOP A FORMAL POLICY CURRENTLY OUR PROCESS INCLUDES SELF AND PRIVATE PAY PATIENT ACTIVITY ARE SENT TO A VENDOR FOR ASSISTANCE SELF PAY PATIENTS REQUESTING FINANCIAL ASSISTANCE AT REGISTRATION ARE GIVEN A FINANCIAL ASSISTANCE APPLICATION WHICH IS EVALUATED TO DETERMINE IF CHARITY CARE IS APPLICABLE AND AN ATTEMPT IS ALSO MADE TO ASSIST PATIENTS FOR MEDICAL ELIGIBILITY

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 AVAILABILITY OF FINANCIAL ASSISTANCE INFORMATION AND EDUCATION IS PROVIDED AT ALL INPATIENT AND OUTPATIENT REGISTRATION POINTS-OF-SERVICE INFORMATION AND EDUCATION IS ALSO AVAILABLE THROUGH THE ORGANIZATIONS WEBSITE(S) FINANCIAL AND APPLICATION FORMS ARE AVAILABLE AT ALL INPATIENT AND OUTPATIENT POINTS-OF-SERVICE, INCLUDING PROVIDING ASSISTANCE IN COMPLETING THE APPLICATION 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
		<p>PART VI, LINE 4 THE SERVICE AREA OF MCLAREN REGIONAL MEDICAL CENTER IS COMPOSED OF 32 ZIP CODES AND IS CENTERED PRINCIPALLY ON THE CITY OF FLINT, MI IN THE COUNTY OF GENESEE THE PRIMARY SERVICE AREA, ACCOUNTING FOR 93% OF ANNUAL INPATIENT DISCHARGES, IS COMPOSED OF 21 ZIP CODES AND CAN BE CHARACTERIZED AS LARGELY URBAN IN NATURE THE SECONDARY SERVICE AREA, ACCOUNTING FOR 7% OF ANNUAL INPATIENT DISCHARGES, IS COMPOSED OF 11 ZIP CODES AND CAN BE CHARACTERIZED AS LARGELY URBAN IN NATURE</p> <p>PRIMARY SERVICE AREA DEMOGRAPHIC</p> <p>DISTRIBUTIONSAGE DISTRIBUTION0 - 14 20 2%15 - 17 4 4%18 - 24 8 7%25 - 34 12 2%35 - 54 28 1%55 - 64 12 5%65+ 13 9%EDUCATION LEVELLESS THAN HIGH SCHOOL 3 2%SOME HIGH SCHOOL 9 0%HIGH SCHOOL DEGREE 33 9%SOME COLLEGE/ASSOC DEGREE 34 7%BACHELORS DEGREE OR GREATER 19 1%HOUSEHOLD INCOME DISTRIBUTION<\$15K 15 5%\$15 - 25K 13 1%\$25 - 50K 28 1%\$50 - 75K 20 1%\$75 - 100K 11 5%OVER \$100K 11 8%RACE/ETHNICITYWHITE NON-HISPANIC 75 1%BLACK NON-HISPANIC 18 4%HISPANIC 2 6%ASIAN & PACIFIC IS NON-HISPANIC 1 0%ALL OTHERS 2 8%</p>

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
		<p>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 ORGANIZATION'S 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</p>

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

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

2010

Open to Public Inspection

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

Employer identification number
38-2383119

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

[illegible]

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat No 50055P **Schedule I (Form 990) 2010**

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 GRANTS ARE PROVIDED TO RELATED ORGANIZATIONS THAT SUPPORT THE MISSION OF MCLAREN REGIONAL MEDICAL CENTER

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 MCLAREN REGIONAL MEDICAL CENTER	Employer identification number 38-2383119
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Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	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 <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization a Receive a severance payment or change-of-control payment from the organization or a related organization? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.	4a	No
		4b	Yes
		4c	No
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? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5a	No
		5b	No
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of a The organization? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6a	No
		6b	No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	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) 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
(2) DAVID MAZURKIEWICZ	(i)	0	0	0	0	0	0	0
	(ii)	472,316	0	46,011	72,434	15,622	606,383	0
(3) DON KOOY	(i)	511,358	148,750	233,720	234,561	20,379	1,148,768	0
	(ii)	0	0	0	0	0	0	0
(4) RICK WYLES	(i)	219,432	28,253	0	30,000	19,800	297,485	0
	(ii)	0	0	0	0	0	0	0
(5) SUSAN SMITH	(i)	297,197	0	0	30,000	13,807	341,004	0
	(ii)	0	0	0	0	0	0	0
(6) CARLOS PETROZZI	(i)	285,003	0	0	30,000	3,012	318,015	0
	(ii)	0	0	0	0	0	0	0
(7) MUSTAFA ALNOUNOU	(i)	449,533	0	0	0	13,242	462,775	0
	(ii)	0	0	0	0	0	0	0
(8) JEFFREY MITCHELL	(i)	279,389	0	0	0	11,500	290,889	0
	(ii)	0	0	0	0	0	0	0
(9) PRAJESH PATEL	(i)	277,698	0	0	12,250	12,500	302,448	0
	(ii)	0	0	0	0	0	0	0
(10) DENNIS KRZEMINSKI	(i)	0	0	0	0	0	0	0
	(ii)	243,000	0	457,599	0	1,530	702,129	0
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	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 INDIVIDUALS HAVE RECEIVED THESE BENEFITS: DON KOOY, PHIL INCARNATI, AND DAVE MAZURKIEWICZ.
	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 DONALD KOOY. THE INDIVIDUAL LISTED IN PART VII WHO PARTICIPATED IN THE NEW SERP IS DAVID MAZURKIEWICZ.
	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	SCHEDULE 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.

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
MCLAREN REGIONAL MEDICAL CENTER

Employer identification number
38-2383119

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ANTHELIO (PREVIOUSLY PHNS)	PHILIP INCARNATI, BOARD MEMBER AND SHAREHOLDER OF ANTHELIO	3,963,025	MHCC IS THE CO-FOUNDER AND HAS A MINORITY INTEREST IN ANTHELIO (PREVIOUSLY PHNS) AS PART OF THE AGREEMENT MHCC IS ENTITLED TO APPOINT TWO DIRECTORS TO THE ANTHELIO BOARD MHCC APPOINTED JAMES FITZGERALD AND PHILIP INCARNATI TO HOLD THOSE POSITIONS FEES PAID TO ANTHELIO FOR INFORMATION TECHNOLOGY SERVICES, MEDICAL RECORDS, TRANSCRIPTION, CODING, AND SYSTEM INSTALLATION		No
(2) PROTOM INTERNATIONAL	PHILIP INCARNATI, BOARD MEMBER OF PROTOM INTERNATIONAL	11,106,451	SERVICES AND EQUIPMENT WERE PROVIDED FOR THE PROTON BEAM PROJECT		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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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 MCLAREN REGIONAL MEDICAL CENTER	Employer identification number 38-2383119
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Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		PHILIP INCARNATI AND DONALD KOOY HAVE A BUSINESS RELATIONSHIP

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	<p>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 MCLAREN HEALTH CARE CORPORATION'S CEO 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.</p>

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

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A	THESE INDIVIDUALS DEVOTE THE FOLLOWING HOURS PER WEEK TO A RELATED ORGANIZATION FOR WHICH COMPENSATION IS REPORTED IN COLUMNS E & F DAVID MAZURKIEWICZ 40 HOURS MCLAREN HEALTH CARE CORPORATION PHILIP INCARNATI 40 HOURS 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 -4,925,013 MINIMUM PENSION LIABILITY ADJUSTMENT -26,608,342 UNREALIZED GAIN/LOSS ON INVESTMENT IN SUB -427,924 TOTAL TO FORM 990, PART XI, LINE 5 -31,961,279

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

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
MCLAREN REGIONAL MEDICAL CENTER

Employer identification number
38-2383119

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part 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) Dispropportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) MCLAREN - NORTHERN EQUITIES CANCER CENTER PROJECT LLC 39000 COUNTRY CLUB DRIVE FARMINGTON HILLS, MI48331 26-3112935	RENTAL REAL ESTATE	MI	N/A									
(2) MOUNT CLEMENS REGIONAL HEALTH BUILDING HEALTH PARTNERS 1000 HARRINGTON ST MOUNT CLEMENS, MI48043 26-2524717	BUILDING MANAGEMENT	MI	N/A									

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 G3245 BEECHER ROAD FLINT, MI48532 91-2141720	HEALTH CARE SERVICES	MI	N/A	C			
(2) CLARKSTON PROPERTY ASSOCIATES 50 NORTH PERRY STREET PONTIAC, MI48342 43-2006072	REAL ESTATE	MI	N/A	C			
(3) HOSPITAL HEALTH CARE INC 50 NORTH PERRY STREET PONTIAC, MI48342 38-2643070	HEALTH CARE	MI	N/A	C			
(4) PHYSICIAN ORGANIZED HEALTHCARE SYSTEM 50 NORTH PERRY STREET PONTIAC, MI48342 38-3136458	MANAGED CARE	MI	N/A	C			
(5) MCLAREN HEALTH PLAN INSURANCE COMPANY G-3245 BEECHER ROAD SUITE 200 FLINT, MI48532 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

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

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

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

Yes

No

1a Yes

1b Yes

1c Yes

1d

1e

1f

1g

1h

1i

1j Yes

1k Yes

1l Yes

1m

1n

1o Yes

1p Yes

1q

1r

No

No

No

No

No

No

No

No

No

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)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII

Supplemental Information

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

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

Software ID:

Software Version:

EIN: 38-2383119

Name: MCLAREN 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 1900 COLUMBUS AVE BAY CITY, MI48708 38-2156534	FOUNDATION	MI	501(C)(3)	LINE 11A, I	BAY REGIONAL MEDICAL CENTER	Yes	
BAY REGIONAL MEDICAL CENTER 1900 COLUMBUS AVE BAY CITY, MI48708 38-1976271	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
BAY REGIONAL MEDICAL CENTER AUXILIARY 1908 COLUMBUS AVENUE BAY CITY, MI48708 38-6081235	SUPPORTING ORGANIZATION	MI	501(C)(3)	LINE 11A, I	BAY REGIONAL MEDICAL CENTER	Yes	
BAY SPECIAL CARE HOSPITAL 1900 COLUMBUS AVE BAY CITY, MI48708 38-3161753	HOSPITAL	MI	501(C)(3)	LINE 3	BAY REGIONAL MEDICAL CENTER	Yes	
CENTRAL MICHIGAN COMMUNITY HOSPITAL 1221 SOUTH DRIVE MT PLEASANT, MI48858 38-1420304	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
CENTRAL MICHIGAN COMMUNITY HOSPITAL RADIATION ONCOLOGY 1000 HARRINGTON MT PLEASANT, MI48858 30-0312172	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
GREAT LAKES CANCER INSTITUTE 401 S BALLENGER HWY FLINT, MI48532 38-3584572	CANCER CARE CENTER	MI	501(C)(3)	LINE 7	MCLAREN HEALTH CARE CORPORATION	Yes	
INGHAM REGIONAL HEALTHCARE FOUNDATION 401 S GREENLAWN AVE LANSING, MI48910 38-2463637	FOUNDATION	MI	501(C)(3)	LINE 7	INGHAM REGIONAL MEDICAL CENTER	Yes	
INGHAM REGIONAL MEDICAL CENTER 401 S GREENLAWN AVE LANSING, MI48910 38-1434090	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
LAPEER REGIONAL MEDICAL CENTER 1375 N MAIN ST LAPEER, MI48446 38-2689033	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
LAPEER REGIONAL MEDICAL CENTER FOUNDATION 1375 N MAIN ST LAPEER, MI48446 38-2689603	FOUNDATION	MI	501(C)(3)	LINE 11A, I	LAPEER REGIONAL MEDICAL CENTER	Yes	
MCLAREN HEALTH CARE CORPORATION 401 S BALLENGER HWY FLINT, MI48532 38-2397643	SUPPORTING ORG	MI	501(C)(3)	LINE 11A, I	N/A		No

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 HEALTH PLAN G-3245 BEECHER ROAD FLINT, MI48532 38-3383640	HEALTH CARE SERVICES	MI	501(C)(4)		MCLAREN HEALTH CARE CORPORATION	Yes	
MCLAREN MEDICAL MANAGEMENT INC 401 S BALLENGER HWY FLINT, MI48532 38-2988086	MANAGEMENT COMPANY	MI	501(C)(3)	LINE 11A, I	MCLAREN HEALTH CARE CORPORATION	Yes	
MOUNT CLEMENS REGIONAL HEALTHCARE FOUNDATION PO BOX 326 MOUNT CLEMENS, MI48046 38-2578873	FOUNDATION	MI	501(C)(3)	LINE 9	MOUNT CLEMENS REGIONAL MEDICAL CENTER	Yes	
MOUNT CLEMENS REGIONAL MEDICAL CENTER 1000 HARRINGTON MOUNT CLEMENS, MI48043 38-1218516	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
POH REGIONAL MEDICAL CENTER 50 NORTH PERRY STREET PONTIAC, MI48342 38-1428164	HOSPITAL	MI	501(C)(3)	LINE 3	MCLAREN HEALTH CARE CORPORATION	Yes	
POH RILEY FOUNDATION 50 NORTH PERRY STREET PONTIAC, MI48342 20-0442217	FOUNDATION	MI	501(C)(3)	LINE 11C, III-FI	POH REGIONAL MEDICAL CENTER	Yes	
VISITING NURSE SERVICE OF MICHIGAN 401 S BALLENGER HWY FLINT, MI48532 38-3491714	HEALTH CARE SERVICES	MI	501(C)(3)	LINE 9	MCLAREN HEALTH CARE CORPORATION	Yes	
WOMENS HOSPITAL ASSOCIATION OF FLINT MICHIGAN 401 S BALLENGER HIGHWAY FLINT, MI48532 38-1358053	SUPPORTING ORGANIZATION	MI	501(C)(3)	LINE 11A, I	MCLAREN HEALTH CARE CORPORATION	Yes	
REGIONAL EMERGENCY MEDICAL SERVICE INC 25400 W 8 MILE ROAD SOUTHFIELD, MI48034 38-3255499	AMBULANCE SERVICE	MI	501(C)(3)	LINE 9	MCLAREN MEDICAL MANAGEMENT INC	Yes	
NORTH OAKLAND NORTH MACOMB IMAGING INC 355 BARCLAY CIR STE A ROCHESTER HILLS, MI48307 38-2807040	MRI IMAGING	MI	501(C)(3)	LINE 3		Yes	
PRIMARY CARE 1900 COLUMBUS AVE BAY CITY, MI48708 20-2443604	HEALTH CARE SERVICES	MI	501(C)(3)	LINE 9	BAY REGIONAL MEDICAL CENTER	Yes	
MCLAREN HEALTH CARE VILLAGE FOUNDATION 401 S BALLENGER HIGHWAY FLINT, MI48532 26-2693350	SUPPORTING ORG	MI	501(C)(3)	LINE 11A, I	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
RADIATION ONCOLOGY 1221 SOUTH DRIVE MT PLEASANT, MI48858 30-0312172	HOSPITAL	MI	501(C)(3)	LINE 3	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)	BAY REGIONAL MEDICAL CENTER	P	93,170	ALLOCATION OF ACTUAL COST
(2)	GREAT LAKES CANCER INSTITUTE	A	17,460	ALLOCATION OF ACTUAL COST
(3)	GREAT LAKES CANCER INSTITUTE	P	657,387	ALLOCATION OF ACTUAL COST
(4)	HEALTH ADVANTAGE INC	L	16,825,060	ALLOCATION OF ACTUAL COST
(5)	HEALTH ADVANTAGE INC	L	1,495,439	ALLOCATION OF ACTUAL COST
(6)	INGHAM REGIONAL MEDICAL CENTER	O	354,801	ALLOCATION OF ACTUAL COST
(7)	INGHAM REGIONAL MEDICAL CENTER	P	363,075	ALLOCATION OF ACTUAL COST
(8)	INGHAM REGIONAL MEDICAL CENTER	L	279,212	ALLOCATION OF ACTUAL COST
(9)	LAPEER REGIONAL MEDICAL CENTER	A	163,425	ALLOCATION OF ACTUAL COST
(10)	LAPEER REGIONAL MEDICAL CENTER	P	2,884,771	ALLOCATION OF ACTUAL COST
(11)	LAPEER REGIONAL MEDICAL CENTER	K	257,230	ALLOCATION OF ACTUAL COST
(12)	MCLAREN HEALTH CARE CORPORATION	L	22,991,856	ALLOCATION OF ACTUAL COST
(13)	MCLAREN HEALTH CARE CORPORATION	J	548,800	ALLOCATION OF ACTUAL COST
(14)	MCLAREN HEALTH CARE CORPORATION	B	1,614,688	CASH
(15)	MCLAREN HEALTH CARE CORPORATION	J	770,767	ALLOCATION OF ACTUAL COST
(16)	MCLAREN HEALTH CARE CORPORATION	A	192,209	ALLOCATION OF ACTUAL COST
(17)	MCLAREN HEALTH CARE CORPORATION	P	41,813,383	ALLOCATION OF ACTUAL COST
(18)	MCLAREN HEALTH PLAN	K	8,947,600	ALLOCATION OF ACTUAL COST
(19)	MCLAREN HEALTH PLAN	P	1,108,588	ALLOCATION OF ACTUAL COST
(20)	MCLAREN MEDICAL MANAGEMENT INC	B	1,237,625	CASH
(21)	MCLAREN MEDICAL MANAGEMENT INC	P	24,097,160	ALLOCATION OF ACTUAL COST
(22)	MCLAREN MEDICAL MANAGEMENT INC	J	51,155	ALLOCATION OF ACTUAL COST
(23)	REGIONAL EMERGENCY MEDICAL SERVICE	L	816,364	ALLOCATION OF ACTUAL COST
(24)	VISITING NURSE SERVICES OF MICHIGAN	P	52,858,611	ALLOCATION OF ACTUAL COST
(25)	WOMENS HOSPITAL ASSOCIATION OF FLINT MI	C	610,193	CASH
(26)	WOMENS HOSPITAL ASSOCIATION OF FLINT MI	N	206,637	ALLOCATION OF ACTUAL COST
(27)	WOMENS HOSPITAL ASSOCIATION OF FLINT MI	P	280,493	ALLOCATION OF ACTUAL COST

McLaren Health Care Corporation and Subsidiaries

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

McLaren Health Care Corporation and Subsidiaries

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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	<u>4,044</u>	<u>(5,606)</u>	<u>-</u>	<u>(1,562)</u>
Increase (decrease) in net assets	<u>30,034</u>	<u>(2,324)</u>	<u>1,173</u>	<u>28,883</u>
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	<u>2,391</u>	<u>(4,186)</u>	<u>-</u>	<u>(1,795)</u>
Decrease in net assets	<u>(37,885)</u>	<u>(1,745)</u>	<u>(1,894)</u>	<u>(41,524)</u>
Net Assets - September 30, 2011	<u>\$ 622,251</u>	<u>\$ 10,604</u>	<u>\$ 36,127</u>	<u>\$ 668,982</u>

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	<u>\$ 300,168</u>	<u>\$ 283,333</u>
Supplemental Cash Flow Information - Cash paid for interest	<u>\$ 26,156</u>	<u>\$ 27,611</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

Note I - 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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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	<u>\$ 102,311</u>	<u>\$ 94,327</u>

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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	<u>\$ 700,022</u>	<u>\$ 648,105</u>

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	<u>\$ (11,608)</u>	<u>\$ 48,974</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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 mortgage-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	<u>\$ 602,278</u>	<u>\$ 70,721</u>	<u>\$ -</u>	<u>\$ 672,999</u>
Liabilities				
Obligations on secured lending arrangements	\$ -	\$ 15,112	\$ -	\$ 15,112
Interest rate swap agreements	-	46,186	-	46,186
Total liabilities	<u>\$ -</u>	<u>\$ 61,298</u>	<u>\$ -</u>	<u>\$ 61,298</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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	<u>\$ 558,395</u>	<u>\$ 87,613</u>	<u>\$ -</u>	<u>\$ 646,008</u>
Liabilities				
Obligations on secured lending arrangements	\$ -	\$ 26,358	\$ -	\$ 26,358
Interest rate swap agreements	-	38,339	-	38,339
Total liabilities	<u>\$ -</u>	<u>\$ 64,697</u>	<u>\$ -</u>	<u>\$ 64,697</u>

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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, LPMC, 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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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		<u>537,528</u>
Subtotal		603,573
Less unamortized discount		<u>(3,423)</u>
Total	\$	<u>600,150</u>

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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 transferred 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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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	<u>\$ 125,357</u>	<u>\$ 145,302</u>

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	<u>\$ 430,066</u>	<u>\$ 351,572</u>

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	<u>\$ 32,306</u>	<u>\$ 34,202</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

Note 13 - Pension and Other Postretirement Benefit Plans

MRMC, MHC, MHP, MHG, and MMG participate in a single defined benefit pension plan. BRMC, IRMC, LPMC, 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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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

Asset Classes	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	<u>\$ 525,010</u>	<u>\$ 294,041</u>	<u>\$ 230,969</u>	<u>\$ -</u>

Fair Value Measurements at September 30, 2010

Asset Classes	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	<u>\$ 515,860</u>	<u>\$ 305,667</u>	<u>\$ 210,193</u>	<u>\$ -</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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, LPMC, BRMC, MCRMC, POHRMC, CMCH, MHG, and MMG. MICOL covers claims occurring and reported after March 31, 2004 for MRMC, LPMC, 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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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)	<u>\$ 85,276</u>	<u>\$ 84,717</u>

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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.

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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	<u>\$ 2,013,525</u>	<u>\$ 1,936,547</u>

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 similar 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

McLaren Health Care Corporation and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2011 and 2010

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



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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
<u>\$ 75,301</u>	<u>\$ 42,694</u>	<u>\$ 65,512</u>	<u>\$ 121,881</u>	<u>\$ 16,120</u>	<u>\$ 66,618</u>	<u>\$ 62,830</u>	<u>\$ (110,301)</u>	<u>\$2,065,638</u>
\$ 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
<u>\$ 75,301</u>	<u>\$ 42,694</u>	<u>\$ 65,512</u>	<u>\$ 121,881</u>	<u>\$ 16,120</u>	<u>\$ 66,618</u>	<u>\$ 62,830</u>	<u>\$ (110,301)</u>	<u>\$2,065,638</u>

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
<u>\$ 70,926</u>	<u>\$ 44,636</u>	<u>\$ 53,579</u>	<u>\$ 115,915</u>	<u>\$ 15,912</u>	<u>\$ 70,630</u>	<u>\$ 64,745</u>	<u>\$ (70,607)</u>	<u>\$1,944,196</u>
\$ 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
<u>\$ 70,926</u>	<u>\$ 44,636</u>	<u>\$ 53,579</u>	<u>\$ 115,915</u>	<u>\$ 15,912</u>	<u>\$ 70,630</u>	<u>\$ 64,745</u>	<u>\$ (70,607)</u>	<u>\$1,944,196</u>

McLaren Health Care Corporation and Subsidiaries

	MHC	MRMC	BRMC	LRMC	IRMC	MCRM	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	<u>\$ 11,926</u>	<u>\$ (17,935)</u>	<u>\$ (6,124)</u>	<u>\$ (4,911)</u>	<u>\$ (19,208)</u>	<u>\$ (3,084)</u>	<u>\$ (4,614)</u>

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

CMCH	MMG	MHG	MHP	BSCH	MICOL	Foundations	Eliminating Entries	Total
\$ 233,211 (146,836)	\$ 79,758 (29,121)	\$ 116,752 (18,249)	\$ - -	\$ 22,371 (14,284)	\$ - -	\$ - -	\$ (209,471) 172,030	\$ 4,342,971 (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) (631)	- -	(439) -	(13) -	(491) -	263 -	(569) -	- -	(24,662) (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	<u>\$ 2,328</u>	<u>\$ (3,693)</u>	<u>\$ 10,520</u>	<u>\$ (544)</u>	<u>\$ 1,214</u>	<u>\$ 5,511</u>	<u>\$ (2,718)</u>

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

CMCH	MMG	MHG	MHP	BSCH	MICOL	Foundations	Eliminating Entries	Total
\$ 186,040 (110,131)	\$ 74,773 (24,843)	\$ 110,756 (19,744)	\$ - -	\$ 20,054 (12,404)	\$ - -	\$ - -	\$ (190,271) 160,007	\$ 4,046,457 (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	<u>\$ 1,706,609</u>	<u>\$ 390,916</u>	<u>\$ (31,887)</u>	<u>\$ 2,065,638</u>
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	<u>\$ 1,706,609</u>	<u>\$ 390,916</u>	<u>\$ (31,887)</u>	<u>\$ 2,065,638</u>

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)