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

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☒ **Yes** ☐ **No**
 If "Yes," describe these new services on Schedule O



















3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ **Yes** ☒ **No**
 If "Yes," describe these changes on Schedule O

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

[illegible]

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

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <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	Yes	
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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
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		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	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	45
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	841
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	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?		No
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official		No
15b	Other officers or key employees of the organization		No
	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?		No
16b	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?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WI
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.	THOMAS KRISTOWIAK 225 MEMORIAL DRIVE BERLIN, WI 54923 (920) 361-1313

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) HENRY DERLETH BOARD MEMBER	50	X						5,600	0	0
(2) JAMES CLARK VICE CHAIRMAN	50	X		X				6,500	0	0
(3) JODI TIMLER OLMEN BOARD MEMBER	50	X						6,800	0	0
(4) KRISTIN GALATOWITSCH SECRETARY	50	X		X				5,300	0	0
(5) PAT MCCONNELL BOARD MEMBER	50	X						4,600	0	0
(6) P MICHAEL SHATTUCK MD BOARD MEMBER/PHYSICIAN	40 50	X						235,174	0	22,659
(7) RUSSELL KUEHN TREASURER	50	X		X				4,200	0	0
(8) STEVE SORENSON CHAIRMAN	50	X		X				8,904	0	0
(9) THOMAS WILLETT DO BOARD MEMBER	50	X						135,400	0	0
(10) DOUGLAS GUY PRESIDENT/CEO	32 00	X		X				218,774	6,837	7,615
(11) LARRY WISE BOARD MEMBER	50	X						3,800	0	0
(12) PAUL KUJAWA BOARD MEMBER	50	X						4,400	0	0
(13) FRANK CUMBERBATCH BOARD MEMBER	50	X						0	0	0
(14) THOMAS RIEK BOARD MEMBER	50	X						0	0	0
(15) JOHN FEENEY PRESIDENT/CEO	42 50	X		X				0	0	0
(16) THOMAS KRYSTOWIAK CFO	42 00			X				150,304	5,368	28,374

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) DONALD CAVES EXECUTIVE VICE PRESIDENT	31 00			X				125,957	36,568	22,786
(18) JOHN HORAN MD PHYSICIAN	40 00					X		643,991	0	20,331
(19) DAVID JONES MD PHYSICIAN	40 00					X		788,027	0	26,718
(20) DAVID KURTZ MD PHYSICIAN	40 00					X		534,149	0	28,712
(21) JOSEPH LEE MD PHYSICIAN	40 00					X		570,166	0	13,995
(22) URI VAISMAN MD PHYSICIAN	40 00					X		849,034	0	27,612
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,301,080	48,773	198,802

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 45

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

Section B. Independent Contractors

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
ZR ENTERPRISES SC 6809 MAGNOLIA CT GREENDALE, WI 53129	ER PHYSICIAN SERVICE	1,442,538
CENTRAL WI ANESTHESIA ASSOC SC PO BOX 249 BERLIN, WI 54923	ANESTHESIA SERVICES	483,581
STAFF CARE INC PO BOX 281923 ATLANTA, GA 30384	PHYSICIAN STAFFING	436,554
SHARED MEDICAL SERVICES PO BOX 330 COTTAGE GROVE, WI 53527	MRI SERVICES	411,188
HALL RENDER KILLIAN HEALTH & LYMAN PC 39778 TREASURY CTR CHICAGO, IL 60694	CONSULTING/LEGAL SERVICES	321,042
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 11		

Part VIII

Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,213			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		1,213			
	Program Service Revenue	2a	Business Code				
		PATIENT SERVICE REVENUE	624100	70,582,958	70,582,958		
b		OTHER OPERATING REVENUE	900099	4,224,933	4,224,933		
c		PHARMACY REVENUE	446110	2,123,131		2,123,131	
d		CAFETERIA REVENUE	900099	115,849			115,849
e							
f		All other program service revenue					
g		Total. Add lines 2a-2f		77,046,871			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		416,811		
	4	Income from investment of tax-exempt bond proceeds . . .					
	5	Royalties					
	6a	(i) Real		(ii) Personal			
		Gross Rents		275,280			
		b	Less rental expenses	484,687			
		c	Rental income or (loss)	-209,407			
	d	Net rental income or (loss)		-209,407			-209,407
	7a	(i) Securities		(ii) Other			
		Gross amount from sales of assets other than inventory		153,819	5,125		
		b	Less cost or other basis and sales expenses		3,480		
		c	Gain or (loss)	153,819	1,645		
	d	Net gain or (loss)		155,464			155,464
	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			77,410,952	74,807,891	2,123,131	478,717

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	987,710		987,710	
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	33,783,382	29,715,340	4,068,042	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	758,993	622,668	136,325	
9	Other employee benefits	6,828,044	5,793,814	1,034,230	
10	Payroll taxes	1,931,028	1,601,149	329,879	
a	Fees for services (non-employees)				
	Management				
b	Legal	368,447		368,447	
c	Accounting				
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	6,621,416	5,647,189	974,227	
12	Advertising and promotion	194,710	11,311	183,399	
13	Office expenses	12,128,120	11,515,341	612,779	
14	Information technology	430,898	51,975	378,923	
15	Royalties				
16	Occupancy	976,193	926,375	49,818	
17	Travel	294,284	254,388	39,896	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	76,419	3,140	73,279	
20	Interest	828,010	822,728	5,282	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,508,569	2,440,071	68,498	
23	Insurance	621,674	413,196	208,478	
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	MISCELLANEOUS	3,368,713	2,762,155	606,558	
b	PROVISION FOR BAD DEBTS	2,801,717	2,801,717		
c	MEDICAID ASSESSMENT	585,947	585,947		
d	RECRUITING	397,440	346,151	51,289	
e	LICENSES, DUES, AND CER	141,722	99,757	41,965	
f	All other expenses	58,494	49,730	8,764	
25	Total functional expenses. Add lines 1 through 24f	76,691,930	66,464,142	10,227,788	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			4,025	1	4,125
	2	Savings and temporary cash investments			11,487,208	2	10,357,747
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			9,529,706	4	9,739,707
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	150,000
	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			670,022	8	859,104
	9	Prepaid expenses and deferred charges			1,404,226	9	1,075,943
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	51,342,463			
	b	Less: accumulated depreciation	10b	32,635,816	18,274,373	10c	18,706,647
	11	Investments—publicly traded securities			9,601,754	11	9,286,088
	12	Investments—other securities. See Part IV, line 11			0	12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			61,333	14	141,861
	15	Other assets. See Part IV, line 11			3,617,677	15	4,032,266
	16	Total assets. Add lines 1 through 15 (must equal line 34)			54,650,324	16	54,353,488
Liabilities	17	Accounts payable and accrued expenses			5,643,904	17	4,901,782
	18	Grants payable				18	
	19	Deferred revenue			184,047	19	229,882
	20	Tax-exempt bond liabilities			13,445,000	20	13,140,000
	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			3,026,493	23	3,051,867
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			5,717,616	25	5,253,631
	26	Total liabilities. Add lines 17 through 25			28,017,060	26	26,577,162
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			26,633,264	27	26,772,266
	28	Temporarily restricted net assets				28	1,004,060
	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			26,633,264	33	27,776,326
	34	Total liabilities and net assets/fund balances			54,650,324	34	54,353,488

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	77,410,952
2	Total expenses (must equal Part IX, column (A), line 25)	2	76,691,930
3	Revenue less expenses Subtract line 2 from line 1	3	719,022
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	26,633,264
5	Other changes in net assets or fund balances (explain in Schedule O)	5	424,040
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	27,776,326

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 COMMUNITY HEALTH NETWORK INC	Employer identification number 39-0806359
--	--

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and 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 COMMUNITY HEALTH NETWORK INC	Employer identification number 39-0806359
--	--

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

1

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

2

Political expenditures

▶ \$ _____

3

Volunteer hours

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

1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$ _____

2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$ _____

3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes ☐ No

4a

Was a correction made?

☐ Yes ☐ No

b

If “Yes,” describe in Part IV

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

1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$ _____

2

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

▶ \$ _____

3

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

▶ \$ _____

4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes ☐ No

5

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><thead><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr></thead><tbody><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></tbody></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		4,664
	j Total lines 1c through 1i			4,664
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	WHA DUES OF \$4,664

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
COMMUNITY HEALTH NETWORK INC

Employer identification number

39-0806359

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
2a	
2b	
2c	
2d	

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

1b

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

1b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

2b

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				
1b	Contributions				
1c	Investment earnings or losses				
1d	Grants or scholarships				
1e	Other expenditures for facilities and programs				
1f	Administrative expenses				
1g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

	Yes	No
3a(i)		
3a(ii)		
3b		

3a

(i) unrelated organizations

3a

(ii) related organizations

3b

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

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		919,246		919,246
1b Buildings		28,444,608	17,003,893	11,440,715
1c Leasehold improvements		1,225,658	970,077	255,581
1d Equipment		19,113,388	14,661,846	4,451,542
1e Other		1,639,563		1,639,563
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				18,706,647

Schedule D (Form 990) 2010

Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	77,410,952
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	76,691,930
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	719,022
4	Net unrealized gains (losses) on investments	4	-322,744
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	873,273
8	Other (Describe in Part XIV)	8	-126,489
9	Total adjustments (net) Add lines 4 - 8	9	424,040
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,143,062

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	77,895,639
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	77,895,639
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	-484,687
c	Add lines 4a and 4b	4c	-484,687
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	77,410,952

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	77,176,617
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	484,687
e	Add lines 2a through 2d	2e	484,687
3	Subtract line 2e from line 1	3	76,691,930
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	76,691,930

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, COMMUNITY HEALTH NETWORK, INC DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THAT POSITION IS NOT RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE ORGANIZATION RECORDED NO ASSETS OR LIABILITIES RELATED TO UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS IN 2011, 2010, OR 2009. COMMUNITY HEALTH NETWORK INC 'S POLICY IS TO RECOGNIZE INTEREST AND ANY PENALTIES RELATED TO INCOME TAX MATTERS IN INCOME TAX EXPENSE WHEN INCURRED. AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2011, 2010, AND 2009, THERE WAS NO INCOME TAX EXPENSE, TAX PENALTIES, OR INTEREST RELATED TO TAX PENALTIES RECORDED BY THE ORGANIZATION IN THE CONSOLIDATED FINANCIAL STATEMENTS. FEDERAL INCOME TAX RETURNS FOR THE YEAR ENDED SEPTEMBER 30, 2008, AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.
PART XI, LINE 8 - OTHER ADJUSTMENTS		TRANSFER TO PARTNERS HEALTH SYSTEM FOUNDATION, INC -143,168. NET ASSETS RELEASED FROM RESTRICTIONS USED FOR CAPITAL PURCHASES 16,679.
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES -484,687.
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 484,687.

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
COMMUNITY HEALTH NETWORK INC

Employer identification number
39-0806359

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)		1,904	1,714,709		1,714,709	2 320 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			9,819,066	7,188,267	2,630,799	3 560 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs		1,904	11,533,775	7,188,267	4,345,508	5 880 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		7,647	54,494		54,494	0 070 %
f Health professions education (from Worksheet 5)		132	24,360		24,360	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			79,587		79,587	0 110 %
j Total Other Benefits		7,779	158,441		158,441	0 210 %
k Total. Add lines 7d and 7j		9,683	11,692,216	7,188,267	4,503,949	6 090 %

Part II

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,339,713
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	11,848,043
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,730,738
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	117,305
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	Yes
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes

Part IV

Management Companies and Joint Ventures

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

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? 15

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE NUMBERS IN THE TABLE FOR CHARITY CARE AND UNREIMBURSED MEDICAID WERE DERIVED FROM USE OF THE WORKSHEET 2 COST-TO-CHARGE RATIO THE COST OF THE COMMUNITY HEALTH IMPROVEMENTS WERE CALCULATED BASED ON LABOR COSTS, SUPPLY COSTS AND ROOM COSTS HEALTH PROFESSIONAL EDUCATION COSTS WERE BASED ON THE AMOUNT OF SCHOLARSHIPS AWARDED AND THE ROOM & LABOR COSTS FOR PROVIDING COMMUNITY EDUCATION FOR HEALTH PROFESSIONALS IN OUR COMMUNITIES CASH IS THE AMOUNT OF CONTRIBUTIONS TO THE COMMUNITY AND IN-KIND DONATIONS ARE BASED ON THE COST OF THE IN-KIND DONATION

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 \$ 2801717

Identifier	ReturnReference	Explanation
		PART II COMMUNITY HEALTH NETWORK ENGAGES IN SEVERAL COMMUNITY BUILDING ACTIVITIES OUR DISASTER READINESS PROGRAMS ARE DEVELOPED TO EXCEED THE MINIMUM REQUIREMENTS IN ORDER TO PROVIDE A RESPONSIBLE LEVEL OF SERVICE TO THE COMMUNITY WE ALSO PROVIDE MEETING ROOMS AND SUPPORT TO OTHER NOT-FOR-PROFIT ORGANIZATIONS THAT IMPROVE THE HEALTH OF THE COMMUNITY ALL OF THESE EFFORTS ARE FOCUSED ON MINIMIZING THE HEALTH IMPACT OF CATASTROPHES, LARGE AND SMALL, AS WELL AS SUPPORTING HEALTH ACTIVITIES AND GROUPS WITH A QUALITY OF LIFE FOCUS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 USED COST TO CHARGE RATIO BASED ON COST BEING THE TOTAL OPERATING EXPENSE NET OF COMMUNITY BENEFIT EXPENSE AND NON-PATIENT CARE OPERATIONS AND CHARGES BEING PATIENT CHARGES NET OF COMMUNITY BENEFIT CHARGES MANY PATIENTS WHOSE ACCOUNTS/OUT-OF-POCKET LIABILITY ARE WRITTEN OFF TO BAD DEBT ARE UNABLE TO PAY BUT DID NOT COMPLETE THE PROCESS FOR CHARITY CARE/FINANCIAL ASSISTANCE BECAUSE THESE PATIENTS WOULD HAVE QUALIFIED FOR CHARITY CARE, BUT DIDN'T COMPLETE THE PROCESS, THESE BAD DEBT WRITE-OFFS SHOULD BE CONSIDERED COMMUNITY BENEFIT AS CHARITY CARE IN ADDITION, COMMUNITY HEALTH NETWORK CONTINUES TO SERVE PATIENTS WHOSE ACCOUNTS ARE WRITTEN OFF TO BAD DEBT EVEN THOUGH THERE IS A GOOD CHANGE FUTURE SERVICES MAY CONTINUE TO BE WRITTEN OFF TO BAD DEBT, WHICH DEMONSTRATES A COMMUNITY BENEFIT-SERVING PATIENTS EVEN THOUGH WE MAY NOT RECEIVE PAYMENT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 ANY SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT BECAUSE COMMUNITY HEALTH NETWORK CONTINUES TO SERVE THE MEDICARE POPULATION REGARDLESS OF WHETHER THEY COVER THEIR COSTS COMMUNITY HEALTH NETWORK HAS A SURPLUS BECUASE IT IS A CRITICAL ACCESS HOSPITAL AND AS A CRITICAL ACCESS HOSPITAL, IT RECEIVES 101% OF ITS COST PER THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS WHO HAVE AN APPLICATION OUTSTANDING FOR CHARITY CARE ARE NOT KNOWINGLY SENT TO COLLECTIONS PATIENTS WHO QUALIFY FOR 100% CHARITY HAVE THE ENTIRE AMOUNT OF THE BILL WRITTEN OFF AND NO FURTHER COLLECTIONS PROCEDURES ARE DONE BALANCES REMAINING AFTER CHARITY CARE PERCENTAGE HAS BEEN DETERMINED (THOSE WHO QUALIFY FOR FINANCIAL ASSISTANCE/PARTIAL CHARITY CARE) ARE CONSIDERED SELF PAY AND PAYMENT ARRANGEMENTS MUST BE MADE SHOULD THE PATIENT FAIL TO MAKE PAYMENT ARRANGEMENTS OR MAINTAIN THE PAYMENTS AGREED UPON, THEY WILL BE NOTIFIED IN WRITING THAT THE ACCOUNT BALANCE IS PAST DUE AND THE AMOUNT WILL BE SUBJECT TO NORMAL COLLECTION PROCEDURES

Identifier	ReturnReference	Explanation
		PART VI, LINE 8 - WISCONSIN

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY HEALTH NETWORK WORKS IN COLLABORATION WITH GREEN LAKE AND WAUSHARA COUNTY PUBLIC HEALTH TO ASSESS COMMUNITY NEEDS IN ORDER TO CREATE A PLAN OF CARE BASED ON THOSE ISSUES AND CONCERNS IDENTIFIED COMMUNITY HEALTH NETWORK ALSO PARTICIPATES WITH THE GREEN LAKE COUNTY AND WAUSHARA COUNTY WELLNESS COALITION IN THE EFFORT TO PROVIDE COMPREHENSIVE CARE, THE WELLNESS COALITION ALSO STRIVES TO DECREASE INEFFICIENCIES DUE TO OVERLAP OF CARE PROVIDERS AND ORGANIZATIONS IN THE AREA COMMUNITY HEALTH NETWORK ALSO ASSESSES COMMUNITY NEED BY USING UNIVERSITY OF WISCONSIN HEALTH RANKINGS WHICH PROVIDES COUNTY BY COUNTY BREAKDOWNS OF HEALTH OUTCOMES, HEALTH FACTORS, AND HEALTH ISSUES TO ASSIST IN DETERMINING COMMUNITY NEED

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 SELF PAY PATIENTS ARE CONTACTED BY A MEMBER OF THE PATIENT ACCOUNTING STAFF TO INFORM THEM OF AVAILABLE GOVERNMENT PROGRAMS AND CHARITY CARE IF APPROPRIATE, THE PATIENT ACCOUNTING STAFF WILL OFFER ASSISTANCE WITH THE COMPLETION OF THE COMMUNITY CARE (CHARITY CARE) APPLICATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY HEALTH NETWORK PRIMARILY SERVES RESIDENTS FROM GREEN LAKE, MARQUETTE, AND WAUSHARA COUNTIES THE SERVICE AREA HAD AN ESTIMATED POPULATION OF 63,000 AND IS MOSTLY RURAL THE POPULATION CONSISTS OF 21 3% UNDER THE AGE OF 18, 29 4% FROM 18 TO 44, 29 8% FROM 45 TO 64 AND 19 5% WHO WERE 65 AND OLDER PORTIONS OF THE COMMUNITY HEALTH NETWORK SERVICE AREA ARE FEDERALLY QUALIFIED HPSA AREAS COMMUNITY HEALTH NETWORK OPERATES THE ONLY HOSPITAL IN GREEN LAKE COUNTY

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE MAJORITY OF OUR ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF COMMUNITY HEALTH NETWORK CONDUCTS HEALTH FAIRS FOR THE COMMUNITY TO ENCOURAGE HEALTHY LIFESTYLES AND TO RAISE AWARENESS OF HEALTH ISSUES AND TRENDS COMMUNITY HEALTH NETWORK ALSO CONDUCTS CPR AND FIRST AID CLASSES, EDUCATION AND OUTREACH FOR SENIOR CITIZENS, AND EDUCATION OPPORTUNITIES FOR PHYSICIANS AND MEDICAL STUDENTS IN ADDITION, WE ADMINISTER A DIABETES SUPPORT GROUP

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 COMMUNITY HEALTH NETWORK IS AFFILIATED WITH WILD ROSE HOSPITAL THROUGH PARTNERS HEALTH SYSTEM (PHS) THE BENEFIT IS A COORDINATED EFFORT TO PROVIDE COMPREHENSIVE HEALTH CARE TO AN EXTENDED MULTI-COUNTY RURAL AREA AN ADDITIONAL BENEFIT IS INCREASED EFFICIENCIES THROUGH SHARED RESOURCES, THEREFORE PROVIDING A WIDER RANGE OF HEALTH SERVICES THROUGHOUT THE ENTIRE COMBINED SERVICE AREA

Additional Data

Software ID:

Software Version:

EIN: 39-0806359

Name: COMMUNITY HEALTH NETWORK INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? <u>15</u>	
Name and address	Type of Facility (Describe)
BERLIN MEMORIAL HOSPITAL 225 MEMORIAL DRIVE BERLIN, WI 54923	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL OFFICE BUILDING 225 MEMORIAL DRIVE BERLIN, WI 54923	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - WAUTOMA N HIGHWAY 22 WAUTOMA, WI 54982	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - MARKESAN 340 ENTERPRISE DRIVE MARKESAN, WI 53946	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - PRINCETON 502 W WATER STREET PRINCETON, WI 54968	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - MONTELLO 315 CHURCH STREET MONTELLO, WI 53949	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - RIPON 1080 FOND DU LAC STREET RIPON, WI 54971	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - REDGRANITE 402 PRESTON LANE REDGRANITE, WI 54970	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - EASTRIDGE W832 HIGHWAY 91 BERLIN, WI 54923	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - WOMENS HEALTH 270 MARQUETTE STREET BERLIN, WI 54923	OUTPATIENT PHYSICIAN CLINIC
CHN ORTHOPEDICS & SPORTS MEDICINE 191 MEMORIAL DRIVE BERLIN, WI 54923	OUTPATIENT PHYSICIAN CLINIC
JULIETTE MANOR 169 EAST HURON STREET BERLIN, WI 54923	SKILLED NURSING FACILITY
CHN HOME CARE 270 MARQUETTE STREET BERLIN, WI 54923	HOME HEALTH CARE
COMMUNITY MEDICAL CENTER - GREEN LAKE 670 CTY HIGHWAY A GREEN LAKE, WI 54941	OUTPATIENT PHYSICIAN CLINIC
CHN MEDICAL CENTER - GREEN LAKE N6205 BUSSE DR GREEN LAKE, WI 54941	OUTPATIENT PHYSICIAN CLINIC

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization COMMUNITY HEALTH NETWORK INC	Employer identification number 39-0806359
--	--

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><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>		
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><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 checked="" type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	Yes
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or 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) P MICHAEL SHATTUCK MD	(i)	195,591	36,483	3,100	5,200	17,459	257,833	0
	(ii)	0	0	0	0	0	0	0
(2) DOUGLAS GUY	(i)	218,774	0	0	6,587	797	226,158	0
	(ii)	6,837	0	0	206	25	7,068	0
(3) THOMAS KRYSTOWIAK	(i)	138,603	0	11,701	7,832	19,563	177,699	0
	(ii)	4,950	0	418	280	699	6,347	0
(4) DONALD CAVES	(i)	111,954	0	14,003	5,127	12,532	143,616	0
	(ii)	32,503	0	4,065	1,489	3,638	41,695	0
(5) JOHN HORAN MD	(i)	643,991	0	0	0	20,331	664,322	0
	(ii)	0	0	0	0	0	0	0
(6) DAVID JONES MD	(i)	788,027	0	0	0	26,718	814,745	0
	(ii)	0	0	0	0	0	0	0
(7) DAVID KURTZ MD	(i)	414,781	119,368	0	9,800	18,912	562,861	0
	(ii)	0	0	0	0	0	0	0
(8) JOSEPH LEE MD	(i)	429,998	140,168	0	7,350	6,645	584,161	0
	(ii)	0	0	0	0	0	0	0
(9) URI VAISMAN MD	(i)	643,437	205,597	0	7,350	20,262	876,646	0
	(ii)	0	0	0	0	0	0	0
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 4B	THE FIVE HIGHEST PAID EMPLOYEES, JOHN HORAN, MD, DAVID JONES, MD, DAVID KURTZ, MD, JOSEPH LEE MD & URI AISMAN MD ALL PARTICIPATED BUT DID NOT RECEIVE A PAYMENT FROM A NONQUALIFIED RETIREMENT PLAN.
	PART I, LINE 5	RADIOLOGISTS RECEIVE 50% OF REVENUE FROM PROFESSIONAL FEES OVER 2.2 MILLION. IN THE CURRENT YEAR, DR. URI VAISMAN RECEIVED \$205,597, DR. JOSEPH LEE RECEIVED \$140,168, AND DR. DAVID KURTZ RECEIVED \$119,368 RELATED TO THIS ARRANGEMENT.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
COMMUNITY HEALTH NETWORK INC

Employer identification number
39-0806359

Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY	39-1337855	97710VUX4	08-01-2004	10,060,000	SEE SCHEDULE O FOR DESCRIPTION		X		X		X
B	WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY	39-1337855	97710VVF2	08-01-2004	5,000,000	SEE SCHEDULE O FOR DESCRIPTION		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	10,060,000		5,000,000					
4	Gross proceeds in reserve funds	756,255							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow	3,745,240		2,712,071					
7	Issuance costs from proceeds	201,200		100,000					
8	Credit enhancement from proceeds	85,643		85,643					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	5,357,305		2,102,286					
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2005		2005		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?	X		X					

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 060 %		0 060 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %							
6	Total of lines 4 and 5	0 060 %		0 060 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?	X		X					
2	Is the bond issue a variable rate issue?		X	X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, LINE A		WISCONSIN HEALTH AND EDUCATIONAL FACILITIES BOND HAS THE ADDITIONAL CUSIP NUMBERS 97710VUZ9 97710VUY2 97710VVA3 97710VVB1 97710VVC9 97710VVD7 97710VVE5

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
COMMUNITY HEALTH NETWORK INC

Employer identification number

39-0806359

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
(1) DR JOHN HORAN COMPENSATION ADVANCE		X	225,000	150,000		No	Yes		Yes	
Total ▶				\$ 150,000						

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) THOMAS WILLETT DO	CHN BOARD MEMBER	108,060	CHN RENTS SPACE FROM DR WILLETT FOR MEDICAL GROUP OFFICES		No
(2) THOMAS WILLETT DO	CHN BOARD MEMBER	132,000	CHN CONTRACTS PHYSICIAN SERVICES FROM DR WILLETT		No
(3) P MICHAEL SHATTUCK MD	CHN BOARD MEMBER	138,636	CHN RENTS SPACE FROM DR SHATTUCK FOR MEDICAL GROUP OFFICES		No
(4) RUSSELL KUEHN	CHN BOARD MEMBER	1,134,000	BOARD MEMBER OF 1ST NATIONAL BANK WHICH IS CHN'S PRIMARY BANK & CHN HAS NOTE WITH 1ST NATIONAL BANK AT 9/30/11		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 COMMUNITY HEALTH NETWORK INC	Employer identification number 39-0806359
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Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	COMMUNITY HEALTH NETWORK, INC PURCHASED A LOCAL GENERAL SURGICAL PRACTICE WHICH BEGAN OPERATING UNDER COMMUNITY HEALTH NETWORK, INC IN DECEMBER 2010

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		HENRY DERLETH, RUSSELL KUEHN AND THOMAS WILLETT, DO HAVE A BUSINESS RELATIONSHIP STEVE SORENSON HAS A BUSINESS RELATIONSHIP WITH PAT MCCONNELL AND LARRY WISE THOMAS WILLETT, DO AND PATRICK MCCONNELL HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		MEMBERSHIP MAY BE OBTAINED BY ANY ONE EIGHTEEN OR MORE YEARS OF AGE AND EITHER (A) RESIDE OR WORK IN THE CORPORATION'S SERVICE AREA, WHICH IS DEFINED AS THE FOLLOWING ZIP CODES 53919, 53923, 53926, 53930, 53931, 53935, 53939, 53946, 53947, 53949, 53952, 53953, 53956, 53964, 54909, 54921, 54923, 54930, 54934, 54940, 54941, 54943, 54960, 54963, 54964, 54965, 54966, 54967, 54968, 54970, 54971, 54976, 54980, 54982, 54984, AND 54986 AN INDIVIDUAL IS DEEMED TO WORK WITHIN THE CORPORATION'S SERVICE AREA IF HIS OR HER PRIMARY SOURCE OF INCOME STEMS FROM WORK PERFORMED IN THE SERVICE AREA, OR (B) AN EMPLOYEE OF THE CORPORATION OR MEMBER OF HIS OR HER FAMILY MAY BECOME A MEMBER OF THE CORPORATION UPON SUBMISSION OF A SIGNED APPLICATION DELIVERED TO THE PRINCIPAL OFFICE OF THE CORPORATION THE CORPORATION'S BOARD OF DIRECTORS OR ITS DESIGNEE(S) HAS THE AUTHORITY TO, FROM TIME TO TIME, MAKE GOOD FAITH DETERMINATIONS REGARDING WHETHER AN APPLICANT OR AN EXISTING MEMBER MEETS THE QUALIFICATIONS FOR MEMBERSHIP OF THE CORPORATION ANY PERSON WHO DOES NOT MEET THE CRITERIA AS DETERMINED BY THE BOARD OF DIRECTORS OR ITS DESIGNEE(S) WILL NOT BE A MEMBER AN INDIVIDUAL'S MEMBERSHIP SHALL BE TERMINATED UPON DEATH, RESIGNATION OR THE FAILURE TO MEET THE QUALIFICATION INDIVIDUALS GRANTED HONORARY MEMBERSHIP IN THE CORPORATION SHALL BE ENTITLED TO LIFELONG VOTING MEMBERSHIP IN THE CORPORATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THERE ARE TWELVE DIRECTORS ON THE BOARD OF DIRECTORS THAT ARE ELECTED ANNUALLY BY THE MEMBERS AT THE ANNUAL MEETING OR AT A SPECIAL MEETING HELD FOR SUCH PURPOSE. THE CHIEF EXECUTIVE OFFICER IS AN EX-OFFICIO MEMBER OF THE BOARD OF DIRECTORS.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE BOARD OF DIRECTORS (BOD) HAS DELEGATED THE DETAIL REVIEW OF THE FORM 990 TO THE MANAGEMENT OF THE CORPORATION. THEY COMPLETED THEIR REVIEW PRIOR TO SUBMISSION.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	IT IS THE DIRECTOR, OFFICER AND/OR COMMITTEE MEMBER'S RESPONSIBILITY TO DISCLOSE TO THE BOARD OF DIRECTORS OR COMMITTEE CONSIDERING A TRANSACTION, ANY POTENTIAL FINANCIAL INTEREST THE CHAIRPERSON OF THE BOARD OR COMMITTEE MAY THEN QUESTION THE INTERESTED PERSON FURTHER THE BOARD OR COMMITTEE MAKES THE DECISION WHETHER A CONFLICT OF INTEREST EXISTS IN ADDITION TO THE ABOVE, DIRECTORS, OFFICERS AND COMMITTEE MEMBERS EXECUTE AND DELIVER TO CHN A "CERTIFICATE REGARDING CONFLICTS OF INTEREST" ON AN ANNUAL BASIS PER THE POLICY, THE BOARD IS TO CONDUCT PERIODIC REVIEWS OF ITS TRANSACTIONS AND ARRANGEMENTS REVIEW SHALL INCLUDE - WHETHER COMPENSATION ARRANGEMENTS AND BENEFITS ARE REASONABLE AND ARE THE RESULT OF ARMS-LENGTH BARGAINING - WHETHER ACQUISITIONS OF PHYSICIAN PRACTICES AND OTHER PROVIDER SERVICES RESULT IN PRIVATE INUREMENT OR IMPERMISSIBLE PRIVATE BENEFIT - WHETHER PARTNERSHIPS, JOINT VENTURES, AND OTHER TYPES OF ARRANGEMENTS FURTHER CHN'S CHARITABLE PURPOSE AND DO NOT RESULT IN PRIVATE INUREMENT OR IMPERMISSIBLE PRIVATE BENEFIT

Identifier	Return Reference	Explanation
		<p>THE COMPENSATION DETERMINATION FOR THE CEO OF COMMUNITY HEALTH NETWORK IS AS FOLLOWS THE CEO IS UNDER AN EMPLOYMENT CONTRACT HIS SALARY IS REVIEWED PER HIS CONTRACT BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS (THOSE WITHOUT CONFLICT) THE EXECUTIVE COMMITTEE REVIEWS COMPENSATION BENCHMARK DATA, COMPARES THE DATA WITH THE CEO'S CURRENT SALARY AND MAKES A SALARY DETERMINATION WHICH IS THEN VOTED ON BY THE EXECUTIVE COMMITTEE THE COMPENSATION DETERMINATION FOR THE CFO IS AS FOLLOWS ONCE A YEAR, CHN'S CEO REVIEWS COMPENSATION BENCHMARK DATA AND COMPARES THE DATA WITH THE CFO'S CURRENT SALARY AND THE PROPOSED INCREASE BASED ON THE DATA, THE CEO, A PERSON WITHOUT CONFLICT, DETERMINES THE CFO'S SALARY FOR THE COMING YEAR THE SALARY IS DISCUSSED AND AGREED UPON BY CHN'S CEO AND THE INDIVIDUAL THE QUESTIONS WERE MARKED "NO" AS THE PROCESS FOR 2011 WAS NOT DOCUMENTED</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION BELIEVES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY , AND FINANCIAL STATEMENTS ARE THE PROPERTY OF THE ORGANIZATION AND DOES NOT MAKE THEM AVAILABLE TO THE PUBLIC, EXCEPT FOR DISCLOSURE OF THE FINANCIAL STATEMENTS WITH FORM 990, AS REQUIRED

Identifier	Return Reference	Explanation
HOURS WORKED AT RELATED ORGANIZATION	FORM 990, PART VII, SECTION A, COLUMN (B)	DONALD CAVES WORKED AN AVERAGE OF 9 HOURS A WEEK AT A RELATED ORGANIZATION THOMAS KRYSTOWIAK WORKED AN AVERAGE OF 2 HOURS A WEEK AT RELATED ORGANIZATIONS DOUGLAS GUY WORKED AN AVERAGE OF 1 HOUR A WEEK AT A RELATED ORGANIZATION

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -322,744 PRIOR PERIOD ADJUSTMENTS 873,273 TRANSFER TO PARTNERS HEALTH SYSTEM FOUNDATION, INC -143,168 NET ASSETS RELEASED FROM RESTRICTIONS USED FOR CAPITAL PURCHASES 16,679 TOTAL TO FORM 990, PART XI, LINE 5 424,040

Identifier	Return Reference	Explanation
RESPONSIBLE FOR THE AUDIT	FORM 990, PART XI, LINE 2C	MANAGEMENT PROVIDES OVERSIGHT OF THE AUDIT THE AUDIT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
OVERSIGHT OF AUDIT	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
COMMUNITY HEALTH NETWORK INC

Employer identification number
39-0806359

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
(1) COMMUNITY MEDICAL CENTER OF GREEN LAKE LLC N6205 BUSSE DR GREEN LAKE, WI 54941 26-1424367	CLINIC	WI	852,225	2,047,425	COMMUNITY HEALTH NETWORK INC

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) PARTNERS HEALTH SYSTEM FOUNDATION INC 225 MEMORIAL DRIVE BERLIN, WI 54923 73-1639346	SUPPORTING ORGANIZATION	WI	501(C)(3)	LINE 11B, II	PARTNERS HEALTH SYSTEM INC		No
(2) WILD ROSE COMMUNITY MEMORIAL HOSPITALINC PO BOX 243 WILD ROSE, WI 54984 39-6089134	HOSPITAL	WI	501(C)(3)	LINE 3	PARTNERS HEALTH SYSTEM INC		No
(3) PARTNERS HEALTH SYSTEM INC 225 MEMORIAL DRIVE BERLIN, WI 54923 27-1119447	SUPPORTING ORGANIZATION	WI	501(C)(3)	LINE 11B, II	N/A		No

Part III

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

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

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

No

1b

No

1c

No

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

No

1k

No

1l

No

1m

Yes

1n

Yes

1o

No

1p

Yes

1q

No

1r

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
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Community Health Network, Inc. and Subsidiaries

Berlin, Wisconsin

Consolidated Financial Statements and Additional Information

Years Ended September 30, 2011, 2010, and 2009

Community Health Network, Inc. and Subsidiaries

Consolidated Financial Statements and Additional Information

Years Ended September 30, 2011, 2010, and 2009

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Independent Auditor's Report

Board of Directors
Community Health Network, Inc.
Berlin, Wisconsin

We have audited the accompanying consolidated balance sheets of Community Health Network, Inc. and Subsidiaries (the "Organization") as of September 30, 2011, 2010, and 2009, 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 Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Health Network, Inc. and Subsidiaries as of September 30, 2011, 2010, and 2009, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

November 23, 2011
Green Bay, Wisconsin

Community Health Network, Inc. and Subsidiaries

Consolidated Balance Sheets

September 30, 2011, 2010, and 2009

<i>Assets</i>	2011	2010	2009
Current assets:			
Cash and cash equivalents	\$ 7,319,693	\$ 9,144,029	\$ 9,207,952
Investments	3,389,355	3,354,054	335,125
Accounts receivable - Net:			
Patients	9,739,707	9,651,496	8,516,830
Related parties	254,673	194,704	657,315
Prepaid expenses and other	1,363,304	1,613,433	1,028,705
Inventories	859,104	670,022	642,516
Total current assets	22,925,836	24,627,738	20,388,443
Assets limited as to use	8,938,912	9,548,650	8,326,811
Interest in Partners Health System Foundation, Inc.	1,004,060	0	0
Property and equipment - Net	18,706,647	18,274,373	17,239,125
Other assets:			
Accounts receivable - Net - Related parties	2,036,418	2,316,418	2,313,925
Loss in unconsolidated affiliate	0	0	(507,247)
Other	741,615	675,099	495,154
Total other assets	2,778,033	2,991,517	2,301,832
TOTAL ASSETS	\$ 54,353,488	\$ 55,442,278	\$ 48,256,211

<i>Liabilities and Net Assets</i>	2011	2010	2009
Current liabilities:			
Current maturities of long-term debt	\$ 430,171	\$ 389,642	\$ 3,210,061
Accounts payable	1,595,581	1,539,107	1,480,668
Accrued salaries and payroll deductions	1,469,302	2,444,258	2,319,343
Accrued vacation benefits	1,746,990	1,621,904	1,195,829
Accrued interest	94,630	96,759	96,876
Amounts due to third-party reimbursement programs	573,524	861,164	22,165
Other liabilities	1,177,013	1,608,823	1,297,683
Total current liabilities	7,087,211	8,561,657	9,622,625
Long-term liabilities:			
Long-term debt	15,761,695	16,081,851	10,302,924
Deferred compensation	3,728,256	3,495,343	2,368,941
Total long-term liabilities	19,489,951	19,577,194	12,671,865
Total liabilities	26,577,162	28,138,851	22,294,490
Net assets:			
Unrestricted	26,772,266	26,502,477	25,222,540
Temporarily restricted	1,004,060	800,950	739,181
Total net assets	27,776,326	27,303,427	25,961,721
TOTAL LIABILITIES AND NET ASSETS	\$ 54,353,488	\$ 55,442,278	\$ 48,256,211

Community Health Network, Inc. and Subsidiaries

Consolidated Statements of Operations

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 72,535,281	\$ 70,019,982	\$ 62,451,753
Other revenue	4,788,083	4,677,111	4,801,430
Net assets released from restrictions used for operations	0	28,880	25,185
Total revenue	77,323,364	74,725,973	67,278,368
Expenses:			
Salaries and wages	34,770,792	33,070,291	29,032,598
Fringe benefits	9,202,417	8,586,117	7,709,900
Supplies and other	27,066,095	26,466,068	23,931,927
Interest	828,010	882,494	788,723
Depreciation	2,419,139	2,284,519	2,060,503
Amortization	88,447	58,778	42,435
Provision for bad debts	2,801,717	2,754,230	2,864,500
Total expenses	77,176,617	74,102,497	66,430,586
Income from operations	146,747	623,476	847,782
Other income (expense):			
Investment income	570,623	558,367	101,827
Other - Net	1,652	(27,610)	(512,591)
Excess of revenue over expenses	719,022	1,154,233	437,018
Other changes in unrestricted net assets:			
Transfer to Partners Health System Foundation, Inc.	(143,168)	0	0
Change in net unrealized gains and losses on investments other than trading securities	(322,744)	125,704	410,100
Net assets released from restrictions used for capital purchases	16,679	0	0
Increase in unrestricted net assets	\$ 269,789	\$ 1,279,937	\$ 847,118

See accompanying notes to consolidated financial statements.

Community Health Network, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Unrestricted net assets:			
Excess of revenue over expenses	\$ 719,022	\$ 1,154,233	\$ 437,018
Transfer to Partners Health System Foundation, Inc.	(143,168)	0	0
Change in net unrealized gains and losses on investments other than trading securities	(322,744)	125,704	410,100
Net assets released from restrictions used for capital purchases	16,679	0	0
Increase in unrestricted net assets	269,789	1,279,937	847,118
Temporarily restricted net assets:			
Contributions from donors	0	90,649	104,715
Contributions from Partners Health System Foundation, Inc.	16,679	0	0
Transfer to Partners Health System Foundation, Inc.	(800,950)	0	0
Change in beneficial interest in net assets of Partners Health System Foundation, Inc.	1,004,060	0	0
Net assets released from restrictions	(16,679)	(28,880)	(25,185)
Increase in temporarily restricted net assets	203,110	61,769	79,530
Increase in net assets	472,899	1,341,706	926,648
Net assets at beginning	27,303,427	25,961,721	25,035,073
Net assets at end	\$ 27,776,326	\$ 27,303,427	\$ 25,961,721

See accompanying notes to consolidated financial statements.

Community Health Network, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Increase (decrease) in cash and cash equivalents			
Cash flows from operating activities			
Cash received from patients, residents, clients, and third-party payors	\$ 69,357,713	\$ 66,627,747	\$ 58,963,435
Cash paid to employees and suppliers	(71,639,466)	(66,202,212)	(61,283,201)
Investment income received	416,804	487,810	532,795
Interest paid	(830,139)	(882,611)	(804,616)
Other cash received	3,859,651	4,767,051	5,004,263
Net cash provided by operating activities	1,164,563	4,797,785	2,412,676
Cash flows from investing activities			
Capital expenditures	(2,906,609)	(1,186,255)	(1,352,036)
Proceeds from disposal of equipment	5,125	0	0
Proceeds from sale of investments and assets limited as to use	1,379,983	1,681,922	1,819,453
Purchases of investments and assets limited as to use	(30,353)	(5,726,429)	(1,800,577)
Payments related to acquisitions	(123,300)	(375,000)	(1,776,369)
Transfer to Partners Health System Foundation, Inc	(944,118)	0	0
Advances to physicians - Net	(58,000)	(211,154)	(13,269)
Net cash used in investing activities	(2,677,272)	(5,816,916)	(3,122,798)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	125,701	0	1,200,000
Principal payments on long-term debt	(405,328)	(361,290)	(288,378)
Purchase of treasury bonds	0	0	(1,440,000)
Sale of treasury bonds	0	1,440,000	0
Payment of financing costs	(32,000)	(123,502)	0
Net cash provided by (used in) financing activities	(311,627)	955,208	(528,378)
Net decrease in cash and cash equivalents	(1,824,336)	(63,923)	(1,238,500)
Cash and cash equivalents at beginning	9,144,029	9,207,952	10,446,452
Cash and cash equivalents at end	\$ 7,319,693	\$ 9,144,029	\$ 9,207,952

Community Health Network, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Reconciliation of increase in net assets to net cash provided by operating activities			
Increase in net assets	\$ 472,899	\$ 1,341,706	\$ 926,648
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation	2,419,139	2,284,519	2,060,503
Amortization	88,447	58,778	42,435
Net realized (gains) losses on sale of investments	(153,819)	(70,557)	430,968
Change in net unrealized gains and losses on investments other than trading securities	322,744	(125,704)	(410,100)
Change in beneficial interest in net assets of Partners Health System Foundation, Inc	(1,004,060)	0	0
Provision for bad debts	2,801,717	2,754,230	2,864,500
(Gain) loss on disposal of equipment	(2,645)	2,257	344
Forgiveness of advances to physicians	109,827	88,389	106,284
Decrease in equity of investment in unconsolidated affiliate	0	24,644	512,247
Changes in current assets and liabilities			
Accounts receivable - Patients	(2,889,928)	(4,231,234)	(3,565,652)
Accounts receivable/payable - Related parties	220,031	460,118	(943,008)
Other assets	35,624	(581,873)	(154,708)
Accounts payable - Trade	83,123	(34,902)	(277,514)
Amounts due to/from third-party reimbursement programs	(287,640)	838,999	77,334
Other liabilities	(1,050,896)	1,988,415	742,395
Total adjustments	691,664	3,456,079	1,486,028
Net cash provided by operating activities	\$ 1,164,563	\$ 4,797,785	\$ 2,412,676

Noncash investing and financing activities:

Accounts payable related to property and equipment purchases	\$ 94,992	\$ 121,641	\$ 28,300
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See accompanying notes to consolidated financial statements.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

The Entity

The consolidated financial statements include the accounts of Community Health Network, Inc. (the "Corporation"), Community Medical Center of Green Lake, LLC (CMC), Community Health Network Foundation, Inc. (the "Foundation") (for 2010 and 2009), and Heartland Ventures, Inc. (dissolved in fiscal 2010), a wholly owned subsidiary, collectively referred to as the Organization.

The Corporation is a nonprofit, nonstock corporation, providing services to residents of Berlin, Wisconsin, and the surrounding area. The Corporation consists of the following divisions:

- Berlin Memorial Hospital - A 25-bed acute care facility that provides comprehensive inpatient, outpatient, emergency, and medical services
- Long-Term Care Services - Juliette Manor, a 70-bed extended care facility, and Juliette Terrace, a 4-unit elderly rental complex
- CHN Home Care - A home health agency
- CHN Rehabilitation Services - Provides inpatient and outpatient therapy, occupational health, and cardiac rehabilitation services
- CHN Medical Group - Medical clinics located in Princeton, Plainfield, Markesan, Montello, Wautoma, Wild Rose, Ripon, Redgranite, and Berlin, Wisconsin
- CHN Pharmacy - Provides retail pharmacy services to residents of Wautoma and the surrounding area

Effective November 5, 2009, the Corporation became the sole corporate member of CMC. CMC is a limited liability corporation that operates a clinic in Green Lake, Wisconsin.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

The Entity (Continued)

The Foundation receives, raises, and administers funds in the form of gifts and bequests for the benefit of the community and families with special health care needs. Partners Health System, Inc. (PHS) became the sole corporate member of the Foundation during fiscal year 2011 and changed the Foundation's name to Partners Health System Foundation, Inc. ("PHS Foundation"). See Note 20 for further discussion.

Heartland Ventures, Inc. was dissolved during 2010, and all assets and liabilities were transferred to the Corporation.

All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements.

Financial Statement Presentation

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

Use of Estimates in Preparation of Financial Statements

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

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents excluding amounts whose use is limited or restricted.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Organization bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Organization has a policy to charge interest on past due accounts in accordance with a written patient agreement.

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

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

Inventories

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

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Interest in Partners Health System Foundation, Inc.

Interest in PHS Foundation represents the Corporation's rights to the assets held by a recipient organization and is adjusted for its share of the change in net assets of the recipient organization in accordance with the provisions of ASC Topic 958, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

Investments and Investment Income

Investments are measured at fair value on the consolidated balance sheets. Investments in limited liability partnerships are reported using the equity method of accounting.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported as investment income and is included in the excess of revenue over expenses (operating indicator) unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the operating indicator unless the investments are trading securities. Realized gains or losses are determined by specific identification.

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

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under deferred compensation agreements and bond indentures, assets held under unemployment compensation funding arrangement, and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization measures fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Unamortized Debt Issue Costs

Bond issue costs related to issuance of long-term debt are being amortized over the life of the related debt using the straight-line method and are included in other assets in the accompanying consolidated balance sheets.

Intangibles

Intangibles acquired during business acquisitions are amortized on a straight-line basis over five years.

Property and Equipment

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

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

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Asset Retirement Obligations

ASC Topic 410-20, *Asset Retirement Obligations*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Organization has considered the requirement to recognize a liability for conditional asset retirement obligations, such as asbestos removal, on its existing properties. The Organization believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Organization may settle the obligation is unknown and cannot be estimated. As a result, the Organization cannot reasonably estimate the liability related to these asset retirement activities as of September 30, 2011, 2010, and 2009.

Impairment

The Organization reviews its property, equipment, and intangible assets periodically to determine potential impairment. If an impairment exists, an impairment loss is recognized. Management has determined no assets were impaired at September 30, 2011, 2010, and 2009.

Investment (Loss) in Unconsolidated Affiliate

Investment (loss) in unconsolidated affiliate is accounted for using the equity method through November 5, 2009. Effective November 5, 2009, the affiliate's operations are included in the accompanying consolidated financial statements.

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the Organization's mission and include those expendable resources which have been designated for special use by the Board of Directors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are those restricted by donors to be maintained in perpetuity.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Excess of Revenue Over Expenses

The accompanying consolidated statements of operations and consolidated statements of changes in net assets include the classification excess of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets that are excluded from the operating indicator include unrealized gains and losses on investments other than trading securities, permanent transfer of assets to and from affiliates for other than goods and services, and contributions of long-lived assets including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets.

Net Patient Service Revenue

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

Donor-Restricted Gifts

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

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue.

Advertising Costs

The Organization expenses advertising costs as incurred.

Unemployment Compensation

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment compensation expense is charged to operating expense when paid or when the amount of the claims can be estimated. The Organization sets aside investments to meet state funding requirements. These amounts are included in assets limited as to use.

Income Taxes

The Corporation and the Foundation are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Corporation and the Foundation are also exempt from state income taxes on related income.

CMC is a limited liability corporation. Any income or loss is required to be reported on the Corporation's tax returns. The Corporation pays tax on certain activities considered taxable in accordance with code regulations.

Heartland Ventures, Inc. is a taxable corporation. Any income tax provision, if required, is not considered material to the accompanying consolidated financial statements.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Income Taxes (Continued)

In order to account for any uncertain tax positions, the Organization determines whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organization recorded no assets or liabilities related to uncertain tax positions or unrecognized tax benefits in 2011, 2010, or 2009.

The Organization is also engaged, to a limited extent, in activities which the Internal Revenue Service considers unrelated to the Organization's exempt purpose and, therefore, taxable. These activities, however, annually result in net operating losses for income tax purposes. The Organization does not presently anticipate that a tax benefit from these net operating losses will be realized in the future. Accordingly, any potential deferred tax asset resulting from the availability of net operating loss carryforwards is offset by a valuation allowance of equal amount. No deferred tax assets and liabilities have been recognized since no other differences exist between the financial and tax bases of reporting the Organization's assets and liabilities.

The Organization's policy is to recognize interest and any penalties related to income tax matters in income tax expense when incurred. As of and for the years ended September 30, 2011, 2010, and 2009, there was no income tax expense, tax penalties, or interest related to tax penalties recorded by the Organization in the consolidated financial statements.

Federal income tax returns for the year ended September 30, 2008, and beyond remain subject to examination by the Internal Revenue Service.

Real Estate Taxes

The majority of real estate owned by the Organization is exempt from real estate taxes by the state of Wisconsin and its political subdivisions.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In July 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU amends ASC Topic 954 and requires health care entities to change the presentation of their statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Entities are also required to enhance disclosures about their policies for recognizing revenue and assessing bad debts. In addition, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts. The guidance in this ASU is effective for the Organization's year ending September 30, 2013, with early adoption permitted.

In August 2010, the FASB issued ASU No. 2010-23, *Measuring Charity Care for Disclosure*. This ASU amends ASC Topic 954 and requires entities to use cost as the measurement basis for charity care disclosures, including both direct and indirect costs. Entities are also required to disclose the method used to determine these costs, such as directly from a costing system or through an estimation process. The guidance in this ASU is effective for the Organization's year ending September 30, 2012.

Subsequent Events

Subsequent events have been evaluated through November 23, 2011, which is the date the consolidated financial statements were available to be issued.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payors

The Corporation and CMC have agreements with third-party payors that provide for reimbursement to the Corporation at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

- *Berlin Memorial Hospital - Medicaid Reimbursable Costs*

Through September 30, 2011, Berlin Memorial Hospital was reimbursed for cost-based Medicaid services at tentative rates received during the year. The final settlement of reimbursable amounts was retrospectively determined by the state of Wisconsin (the "State"), using cost reports that are filed annually and subsequently audited by the Medicare program (in conjunction with its audits of both Medicare and Medicaid reimbursable amounts).

Since the inception of the Medicare and Medicaid critical access hospital (CAH) programs, the State has completed relatively few hospital Medicaid settlements with CAHs. Berlin Memorial Hospital was designated a CAH as of December 2005 and the respective reimbursable hospital cost settlements for all subsequent periods through September 30, 2011, remain unresolved by the State. Furthermore, the Organization is uncertain as to when these settlements may be resolved by the State.

- *Berlin Memorial Hospital - Other*

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

- *Juliette Manor - Medicare*

Reimbursement for Part A residents under the Medicare program is based on a prospectively based case mix system. Medicare reimbursement for outpatient rehabilitation services is based on the lesser of actual charges or the Medicare fee schedule amounts.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

- *Juliette Manor - Medicaid*

Reimbursement for services rendered to Medicaid recipients is based on a predetermined rate formula under a contractual arrangement with the Medicaid program under Title XIX of the Social Security Act. Rate adjustments under this program are reflected in income when determinable.

- *CHN Home Care - Medicare and Medicaid*

Reimbursement under the home health Medicare program is based on a prospectively based case mix system by home health resource utilization category. Services provided to Medicaid program beneficiaries are reimbursed based on prospectively determined rates by type of visit.

- *CHN Medical Group and CMC*

Reimbursement for services rendered is based on charges, discounted charges, or in the case of governmental programs, prospectively determined reimbursement rates.

Wisconsin Hospital Assessments

During fiscal year 2010, the State passed a law under which eligible CAHs, including the Organization, will be required to pay the State an annual assessment. The assessment period will be the State's fiscal year, which runs from July 1 through June 30. The assessment is based on each hospital's gross inpatient revenue, as defined, and was effective July 1, 2010. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under Wisconsin's Medicaid program through the development of an access payment system. Under the new CAH payment system, Wisconsin's Medicaid program will pay a hospital-specific amount per discharge for inpatient and outpatient services, based on prior hospital cost reports, plus an additional access payment. In exchange for receiving these access payments, effective July 1, 2010, the State eliminated retrospective cost report settlements to CAHs.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Accounting for Contractual Arrangements

The Corporation is reimbursed for cost reimbursable items at an interim rate, and final settlements are determined after an audit of the Corporation's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the full expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Corporation's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through September 30, 2008 and September 30, 2005, respectively.

Compliance

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

The Centers for Medicare & Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of CMS's further efforts to ensure accurate payments. CMS uses RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, CMS makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. RAC reviews of the Organization's activities are anticipated, however, the outcome of such potential reviews is unknown and cannot be reasonably estimated as of September 30, 2011.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 Accounts Receivable

Accounts receivable - patients consisted of the following at September 30:

	2011	2010	2009
Berlin Memorial Hospital			
Accounts receivable	\$ 15,901,773	\$ 16,912,674	\$ 14,283,375
Less			
Contractual adjustments	5,932,269	6,894,683	5,620,660
Allowance for doubtful accounts	3,215,398	2,958,720	2,246,522
Totals	6,754,106	7,059,271	6,416,193
Long-Term Care Services			
Accounts receivable	844,701	694,139	1,057,403
Less			
Contractual adjustments	272,198	203,820	290,247
Allowance for doubtful accounts	26,875	20,875	69,638
Totals	545,628	469,444	697,518
CHN Home Care			
Accounts receivable	175,467	153,186	80,283
Less			
Contractual adjustments	3,809	(10,641)	(10,824)
Allowance for doubtful accounts	44,670	43,170	41,670
Totals	126,988	120,657	49,437

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 Accounts Receivable (Continued)

	2011	2010	2009
CHN Medical Group			
Accounts receivable	\$ 4,959,409	\$ 3,720,555	\$ 3,181,233
Less			
Contractual adjustments	2,146,806	1,570,304	1,495,749
Allowance for doubtful accounts	842,878	530,915	482,539
Totals	1,969,725	1,619,336	1,202,945
CMC			
Accounts receivable	372,071	251,715	0
Less			
Contractual adjustments	101,454	90,460	0
Allowance for doubtful accounts	99,000	36,238	0
Totals	171,617	125,017	0
Other receivables	171,643	257,771	150,737
Accounts receivable - Net - Patients	\$ 9,739,707	\$ 9,651,496	\$ 8,516,830

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4 Net Patient Service Revenue

Net patient service revenue consisted of the following:

	2011	2010	2009
Gross patient service revenue			
Medicare	\$ 67,143,284	\$ 64,766,788	\$ 49,950,845
Medicaid	19,746,633	20,142,994	14,530,076
Commercial insurance	50,549,021	46,963,610	40,161,946
Private pay and other	10,446,998	8,923,222	8,099,645
Totals	147,885,936	140,796,614	112,742,512
Less - Contractual adjustments			
Medicare	41,026,298	37,622,762	25,988,989
Medicaid	12,558,365	13,735,684	9,369,136
Commercial insurance	18,207,631	16,433,043	12,022,578
Other	3,558,361	2,985,143	2,910,056
Totals	75,350,655	70,776,632	50,290,759
Net patient service revenue	\$ 72,535,281	\$ 70,019,982	\$ 62,451,753

Approximately 45%, 46%, and 44% of the Organization's gross patient service revenue was for services provided to Medicare program beneficiaries in 2011, 2010, and 2009, respectively.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 Community Benefit and Charity Care

In pursuit of its primary exempt purpose of providing health care services, the Corporation provides medical care and other financial support through various programs that are designed, among other matters, to enhance the health of the community.

The Corporation actively provided or participated in the following community-based activities and programs:

- General health education services, such as health fairs, cancer education, heart disease education, diabetes education, family, parent, and sibling education, family planning, and women's health education
- Provided health information on the Corporation's website and through health-related publications distributed at no charge
- Support groups such as diabetes, cancer, and bereavement
- Self-help and wellness programs such as nutrition, weight management, and fitness
- Blood pressure screenings, cholesterol testing, and school-based testing
- Guidance, referral, and enrollment assistance for public medical programs and other family support assistance
- Discounted or free medical supplies and equipment to those unable to pay
- Delivered hot in-home meals
- Promoted participation in blood drives by employees
- Contributed to the education of student nurses and other health care professionals
- Provided first aid for community events
- Participated in work site health education programs
- Made cash contributions to support community events
- Provided meeting rooms to community groups at no charge

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 Community Benefit and Charity Care (Continued)

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or those who are underinsured. The Corporation gives discounts from established charges to self-pay patients without regard to ability to pay and considers these discounts a part of its community benefit. Health care services to patients under government programs, such as Medicaid, are also considered part of the Corporation's benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than the cost of providing care. Patients who meet criteria for charity care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate. Eligibility for charity care is determined based on qualifying criteria as defined in the Corporation's charity care policy and from applications completed by patients and their families.

The amount of charges forgone for services and supplies furnished under the Corporation's charity care policy aggregated approximately \$2,691,000 in 2011, \$2,095,000 in 2010, and \$1,821,000 in 2009.

Note 6 Investments and Assets Limited as to Use

Investments

Investments consisted of the following at September 30:

	2011	2010	2009
Short-term investments			
Certificates of deposit	\$ 3,242,179	\$ 3,204,356	\$ 200,000
Mutual funds	147,176	149,698	135,125
Total short-term investments	\$ 3,389,355	\$ 3,354,054	\$ 335,125

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 Investments and Assets Limited as to Use (Continued)

Assets Limited as to Use

Assets limited as to use consisted of the following at September 30:

	2011	2010	2009
Board designated for capital acquisitions			
Cash and cash equivalents	\$ 173,209	\$ 94,810	\$ 66,084
U S Treasury obligations	322,651	311,135	256,485
Corporate bonds	433,580	474,468	487,446
Common stocks	1,516,321	1,580,894	1,553,338
Mutual funds	1,561,214	1,597,260	1,423,388
Hedge funds	187,269	178,454	172,244
Total board designated for capital acquisitions	4,194,244	4,237,021	3,958,985
Under unemployment compensation funding arrangement - Held by state of Wisconsin			
Certificate of deposit	443,521	441,549	328,924
Donor restricted for future operating purposes			
Cash and cash equivalents	0	78,510	64,729
U S Treasury obligations	0	84,581	80,433
Corporate bonds	0	98,214	100,872
Common stocks	0	181,941	213,277
Mutual funds	0	357,704	278,870
Total donor restricted for future operating purposes	0	800,950	738,181

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 Investments and Assets Limited as to Use (Continued)

Assets Limited as to Use (Continued)

	2011	2010	2009
Held by trustee under deferred compensation agreements			
Cash and cash equivalents	\$ 0	\$ 0	\$ 336,398
Mutual funds	3,275,327	3,042,792	2,032,543
Total held by trustee under deferred compensation agreements	3,275,327	3,042,792	2,368,941
Held by trustee under bond indenture agreements			
Cash and cash equivalents	0	881,338	931,780
Treasury bonds	880,820	0	0
Total held by trustee under bond indenture agreements	880,820	881,338	931,780
Total held by vendor under deposit - Cash and cash equivalents	145,000	145,000	0
Total assets limited as to use	\$ 8,938,912	\$ 9,548,650	\$ 8,326,811

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 Investments and Assets Limited as to Use (Continued)

Investment income and gains and losses related to assets limited as to use, cash equivalents, and other investments included the following for the years ended September 30:

	2011	2010	2009
Investment income - Unrestricted			
Interest and dividend income	\$ 416,804	\$ 487,810	\$ 532,795
Net realized gains (losses) on sales of securities	153,819	70,557	(430,968)
Total investment income - Unrestricted	\$ 570,623	\$ 558,367	\$ 101,827
Other change in unrestricted net assets			
Change in net unrealized gains and losses on investments other than trading securities	\$ (322,744)	\$ 125,704	\$ 410,100

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

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 Investments and Assets Limited as to Use (Continued)

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in impairment. For equity securities, the Organization considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For debt securities, if the Organization has made a decision to sell the security, or if it is more likely than not the Organization will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Organization has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred.

Because the Organization has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at September 30, 2011, 2010, and 2009, are not temporarily impaired. No impairment losses were recognized by the Organization during 2011, 2010, and 2009.

At September 30, 2011, 2010, and 2009, net unrealized gains (losses) on investments other than trading securities totaled (\$108,475), \$214,269, and \$88,565, respectively.

Note 7 Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value:

- Quoted market prices are used to determine the fair value of investments in publicly traded equity securities. Money markets, U.S. Treasury obligations, and corporate bonds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Fair value of hedge funds is determined by Level 3 inputs consisting of unobservable data points of the asset and include situations where there is little, if any, market activity for the asset.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	2011			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Money market	\$ 1,060,675	\$ 0	\$ 0	\$ 1,060,675
U S Treasury obligations	0	319,345	0	319,345
Corporate bonds	0	432,192	0	432,192
Common stocks				
Consumer discretionary	224,191	0	0	224,191
Consumer staples	203,367	0	0	203,367
Energy	164,552	0	0	164,552
Financial	156,646	0	0	156,646
Health care	209,361	0	0	209,361
Industrial	82,699	0	0	82,699
Information technology	186,368	0	0	186,368
Materials	71,160	0	0	71,160
Telecommunication services	135,511	0	0	135,511
Utilities	82,466	0	0	82,466
Mutual funds				
Blend	1,481,359	0	0	1,481,359
Bond	912,948	0	0	912,948
Commodities	224,371	0	0	224,371
Growth	1,364,132	0	0	1,364,132
Index	650,943	0	0	650,943
Value	346,738	0	0	346,738
Hedge funds	0	0	187,269	187,269
Total	\$ 7,557,487	\$ 751,537	\$ 187,269	\$ 8,496,293

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 Fair Value Measurements (Continued)

	2010			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Money market	\$ 1,052,554	0	0	\$ 1,052,554
U S Treasury obligations	0	395,716	0	395,716
Corporate bonds	0	572,682	0	572,682
Common stocks				
Consumer discretionary	245,482	0	0	245,482
Consumer staples	50,532	0	0	50,532
Energy	217,856	0	0	217,856
Financial	280,796	0	0	280,796
Health care	200,663	0	0	200,663
Industrial	192,257	0	0	192,257
Information technology	189,037	0	0	189,037
Materials	88,171	0	0	88,171
Telecommunication services	191,226	0	0	191,226
Utilities	106,815	0	0	106,815
Mutual funds				
Blend	1,427,094	0	0	1,427,094
Bond	1,200,049	0	0	1,200,049
Commodities	323,585	0	0	323,585
Growth	1,297,862	0	0	1,297,862
Index	562,669	0	0	562,669
Value	336,195	0	0	336,195
Hedge funds	0	0	178,454	178,454
Total	\$ 7,962,843	\$ 968,398	\$ 178,454	\$ 9,109,695

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 Fair Value Measurements (Continued)

	2009			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Money market	\$ 1,402,238	\$ 0	\$ 0	\$ 1,402,238
U S Treasury obligations	0	336,918	0	336,918
Corporate bonds	0	588,318	0	588,318
Common stocks				
Consumer discretionary	204,108	0	0	204,108
Consumer staples	45,044	0	0	45,044
Energy	251,830	0	0	251,830
Financial	385,996	0	0	385,996
Health care	188,190	0	0	188,190
Industrial	153,198	0	0	153,198
Information technology	194,485	0	0	194,485
Materials	70,807	0	0	70,807
Telecommunication services	169,503	0	0	169,503
Utilities	103,454	0	0	103,454
Mutual funds				
Blend	851,959	0	0	851,959
Bond	1,062,833	0	0	1,062,833
Commodities	233,062	0	0	233,062
Growth	951,966	0	0	951,966
Index	464,885	0	0	464,885
Value	292,933	0	0	292,933
Hedge funds	0	0	172,244	172,244
Total	\$ 7,026,491	\$ 925,236	\$ 172,244	\$ 8,123,971

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7 Fair Value Measurements (Continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance as of September 30, 2008	\$	200,000
Change in unrealized gains and losses on investment securities		(27,756)
Balance as of September 30, 2009		172,244
Change in unrealized gains and losses on investment securities		6,210
Balance as of September 30, 2010		178,454
Change in unrealized gains and losses on investment securities		8,815
Balance as of September 30, 2011	\$	187,269

Note 8 Property and Equipment

A significant portion of property and equipment is pledged as collateral for the bond payable referred to in Note 12. Property and equipment consisted of the following at September 30:

	2011	2010	2009
Land	\$ 919,246	\$ 919,246	\$ 914,564
Land improvements	1,225,658	1,222,984	1,170,484
Buildings and building equipment	28,444,608	28,228,297	26,277,810
Equipment and vehicles	19,113,388	18,301,998	17,370,573
Total property and equipment	49,702,900	48,672,525	45,733,431
Less - Accumulated depreciation	32,635,816	30,871,103	28,840,167
Net depreciated value	17,067,084	17,801,422	16,893,264
Construction in progress	1,639,563	472,951	345,861
Property and equipment - Net	\$ 18,706,647	\$ 18,274,373	\$ 17,239,125

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9 Investment (Loss) in Unconsolidated Affiliate

The Corporation and Ripon Medical Center, Inc. owned equally through November 5, 2009 (see Note 10) as a joint endeavor, Community Medical Center of Green Lake, LLC (CMC), a limited liability company. Prior to the termination, the Corporation's loss in the joint endeavor totaled \$507,247 as of September 30, 2009.

Note 10 Business Acquisition

As stated in Note 9, the joint endeavor between the Corporation and Ripon Medical Center, Inc. was terminated on November 5, 2009. The joint endeavor termination agreement provided the Corporation would become the sole corporate member of CMC. Effective with the termination date, the Corporation has recognized the operations of CMC as a wholly owned subsidiary. Since November 5, 2009, CMC is reflected as a separate entity in the consolidated financial statements.

The acquisition was accounted for using the purchase method of accounting, and therefore operating results for CMC have been included in the accompanying consolidated financial statements from the date of acquisition.

The following table summarizes the estimated fair values of the acquired assets and liabilities at the date of acquisition:

Assets:

Cash and cash equivalents	\$ 520,995
Patient accounts receivable	342,338
Prepaid expenses	3,250
Property and equipment	2,053,714

Total assets	\$ 2,920,297
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Liabilities - Long-term debt	\$ 1,879,723
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Under the purchase method of accounting, the total purchase price was allocated to the net tangible and intangible assets acquired based upon their estimated fair values on the acquisition date.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11 Accounts Receivable From Physicians

Accounts receivable from physicians, reported in other assets in the accompanying consolidated balance sheets, represent amounts advanced by the Corporation to physicians upon employment. These amounts are amortized based upon the terms of the employment agreements. Should employment be terminated, any unamortized balance is required to be paid by the physician. The Corporation considers these amounts to be fully collectible, accordingly, no allowance for uncollectible advances was included in the accompanying consolidated financial statements. The total amount of accounts receivable from physicians was \$222,992, \$274,819, and \$152,054 at September 30, 2011, 2010, and 2009, respectively.

Note 12 Long-Term Debt

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

	2011	2010	2009
Wisconsin Health and Educational Facilities Authority Fixed Rate Revenue Bonds, Series 2004A, dated August 1, 2004, and bearing varying interest rates ranging from 2.75% to 6.4%, the bonds are payable in varying annual installments, due August 2034	\$ 8,950,000	\$ 9,130,000	\$ 9,305,000
Wisconsin Health and Educational Facilities Authority Variable Rate Demand Bonds, Series 2004B, dated August 19, 2004, and bearing varying interest rates (average interest rate was 0.30%, 1.81%, and 2.72% in 2011, 2010, and 2009, respectively), the bonds are payable in varying annual installments, due August 2034	4,190,000	4,315,000	4,440,000
3.0% note, secured by equipment, payable at \$306 per month including interest, due December 2011	919	4,505	7,985
2.98% note, secured by equipment, payable at \$1,686 per month including interest, due November 2015	110,016	0	0

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 Long-Term Debt (Continued)

	2011	2010	2009
5.75% bank note, secured by a mortgage, payable in monthly installments of \$8,490 including interest, due September 2014	\$ 1,133,733	\$ 1,168,419	\$ 1,200,000
Variable interest rate (5.0% in 2011 and 2010) bank note, secured by the assets of CMC and guaranteed by the Corporation, payable in 36 monthly installments of \$11,605 including interest, with a final payment due February 2013	1,807,198	1,853,569	0
Totals	16,191,866	16,471,493	14,952,985
Less			
2004 WHEFA Treasury bonds held by the Corporation	0	0	1,440,000
Current maturities	430,171	389,642	3,210,061
Long-term portion	\$ 15,761,695	\$ 16,081,851	\$ 10,302,924

Based on the borrowing rates currently available to the Corporation for long-term debt with similar terms and maturities, the estimated fair value of the bonds at September 30, 2011, approximates carrying value.

In August 2004, the Wisconsin Health and Educational Facilities Authority Fixed Rate Revenue Bonds, Series 2004A, and Variable Rate Demand Bonds, Series 2004B, were issued in the aggregate principal amount of \$10,060,000 and \$5,000,000, respectively. The bonds are secured by any funds or property held by the trustee on behalf of the Corporation and a security interest in substantially all revenue, accounts receivable, and real and personal properties owned by the Corporation. The bond agreements contain various covenants and restrictions including the requirement that the Corporation maintains certain financial ratios. Management believes the Corporation is in compliance with all covenants and restrictions. Proceeds from the bond issues were used to satisfy the debt related to the hospital mortgage revenue bonds, Series 1996, and finance costs relating to the acquisition, construction, improvement, and equipping of the Corporation's health care facilities, as well as payment of various costs relating to the issuance and sale of the bonds.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 Long-Term Debt (Continued)

The Series 2004B Bonds are secured by an irrevocable direct-pay letter of credit totaling \$4,482,576. The letter of credit terminates May 15, 2012.

The Series 2004B Bonds can be tendered by the bondholders on a daily basis. The Corporation has a remarketing agreement with an underwriter that provides for a "best efforts" to solicit offers to purchase bonds tendered. Under the terms of the aforementioned letter of credit, the bond trustee may draw on the letter of credit to purchase any tendered revenue bonds that are not remarketed. Any amounts drawn on the letter of credit are due immediately, and if not paid immediately, shall bear interest.

During 2009, conditions in the bond market declined significantly. As a result, holders of \$4,440,000 of the Series 2004B Bonds exercised their option to sell the Series 2004B Bonds back to the letter of credit provider. The Hospital purchased \$1,440,000 of the total \$4,440,000. The 2009 long-term debt amount was reduced by \$1,440,000 for the portion of the bonds held by the Corporation. The entire amount of \$4,440,000 was remarketed during 2010.

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

2012	\$ 430,171
2013	2,152,498
2014	416,908
2015	435,155
2016	435,210
Thereafter	12,321,924
Total	<u>\$ 16,191,866</u>

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13 Operating Leases

The Corporation has various noncancelable operating lease agreements primarily for equipment and clinic buildings. Future minimum lease payments by year and in the aggregate under these agreements are summarized as follows:

2012	\$1,253,317
2013	1,076,040
2014	682,986
2015	759,483
2016	291,933
Thereafter	946,956
<hr/>	
Total future minimum lease payments	\$5,010,715

Rental expense for all operating leases for the years ended September 30, 2011, 2010, and 2009, was approximately \$2,063,000, \$2,016,000, and \$1,956,000, respectively.

Note 14 Deferred Compensation

The Organization sponsors a deferred compensation plan for certain key employees. The cost of such benefits is being funded directly by the Organization. Payment of deferred compensation is contingent upon compliance with the provisions set forth in the agreement. The liability for deferred compensation is fully accrued at September 30, 2011, 2010, and 2009.

Note 15 Temporarily Restricted Net Assets

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

	2011	2010	2009
<hr/>			
Restricted by donors for the Corporation's programs and facilities	\$ 1,004,060	\$ 800,950	\$ 739,181

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 16 Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following:

	2011	2010	2009
Health care services	\$ 68,092,075	\$ 66,009,510	\$ 59,086,854
General and administrative	9,076,332	8,086,764	7,336,864
Fund-raising	8,210	6,223	6,868
Total expenses	\$ 77,176,617	\$ 74,102,497	\$ 66,430,586

Note 17 Retirement Plan

The Corporation sponsors a defined contribution retirement plan covering substantially all of its employees. The Corporation matches each participant's contribution from 3% to 5% of covered earnings based on years of service. Total retirement expense for the years ended September 30, 2011, 2010, and 2009, was approximately \$822,000, \$789,000, and \$743,000, respectively.

Note 18 Malpractice Insurance

The Organization's professional liability insurance for claim losses of less than \$1 million per claim and \$3 million per year covers professional liability claims reported during a policy year ("claims made" coverage). The professional liability policies related to hospital and physician services are renewable annually and have been renewed by the insurance carrier for the annual period extending through January 1, 2012. Coverage against losses in excess of these amounts is maintained through mandatory participation in the Patients' Compensation Fund of the state of Wisconsin.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization. Although the possibility exists of claims arising from services provided to patients through September 30, 2011, which have not yet been asserted, the Organization is unable to determine the ultimate cost, if any, of such possible claims, and accordingly, no provision has been made for them.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 19 Health Insurance

The Organization's health insurance coverage is provided through a sponsored self-funded health insurance plan. The plan covers the Organization's benefit-eligible employees and their dependents. The health insurance expense is based upon actual claims paid, premiums incurred, administration fees, and provisions for unpaid and unreported claims at year-end. Health insurance expense was approximately \$4,578,000, \$4,285,000, and \$3,740,000 for the years ended September 30, 2011, 2010, and 2009, respectively. A provision for unpaid and unreported claims of approximately \$477,000, \$1,003,000, and \$722,000 at September 30, 2011, 2010, and 2009, respectively, was included in other liabilities.

Note 20 Related-Party Transactions

Effective August 19, 2009, the Corporation and Wild Rose Community Memorial Hospital, Inc. (WRCMH) (a nonprofit corporation) entered into an agreement to organize an integrated health care system, consisting of the Corporation, WRCMH, and Partners Health System, Inc., a new nonstock, nonprofit corporation (collectively referred to as the "System"). Through the formation of PHS, the System will work toward achieving greater economic, clinical, and strategic integration. PHS does not exercise control over the Corporation, thus no change in accounting structure is necessary.

The Corporation provided management and general services totaling \$93,315 for the year ended September 30, 2011.

Prior to October 1, 2009, the Corporation had an agreement with WRCMH to provide management services, physician services, and anesthesia coverage. In addition to having two common board members, the Corporation provided daily management services to WRCMH and was therefore considered a related party through its ability to influence the management and operating policies of WRCMH.

Subsequent to October 1, 2009, the Corporation provided physician services, anesthesia coverage, and other services to WRCMH. Through the Corporation's relationship with PHS, WRCMH is considered a related party.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 20 Related-Party Transactions (Continued)

A summary of the services provided by the Corporation to WRCMH for the years ended September 30 is presented below:

	2011	2010	2009
Management and general services	\$ 202,548	\$ 213,971	\$ 191,999
Physician services	2,291,570	2,496,622	1,997,561
Anesthesia coverage	115,000	78,000	72,000
Other services	129,738	77,036	37,827
Totals	\$ 2,738,856	\$ 2,865,629	\$ 2,299,387

The above services are reported in other revenue in the accompanying consolidated financial statements.

As described in Notes 9 and 10, the Corporation and Ripon Medical Center, Inc. agreed to form Community Medical Center of Green Lake, LLC to provide clinic services to residents of Green Lake County. In addition to the 50% ownership prior to November 5, 2009, the Corporation provided daily management services to Community Medical Center of Green Lake, LLC and was, therefore, considered a related party through its ability to influence the management and operating policies of Community Medical Center of Green Lake, LLC.

A summary of the services provided by the Corporation to Community Medical Center of Green Lake, LLC for the years ended September 30 is presented below:

	2011	2010	2009
Physician services	\$ 0	\$ 26,142	\$ 341,698
Other services	0	16,228	196,332
Totals	\$ 0	\$ 42,370	\$ 538,030

The above services were reported in other revenue in the accompanying consolidated financial statements.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 20 Related-Party Transactions (Continued)

During 2010, the Corporation and WRCMH entered into a loan agreement in the amount of \$4 million. The note requires WRCMH to pay monthly interest payments until September 30, 2014, at which time WRCMH will be required to make monthly principal and interest payments to the Corporation for a term of 300 months. The note bears interest at a rate of 5% per year. The Corporation has set up a reserve for potential nonpayment of the note receivable in the amount of \$1,963,582 and \$1,683,582 as of September 30, 2011 and 2010, respectively.

A summary of accounts and note receivable from related parties at September 30 is presented below:

	2011	2010	2009
Net amount due from			
Wild Rose Community Memorial Hospital, Inc	\$ 2,277,965	\$ 2,511,122	\$ 2,316,418
Community Medical Center of Green Lake, LLC	0	0	654,822
PHS Foundation	13,126	0	0
Totals	\$ 2,291,091	\$ 2,511,122	\$ 2,971,240

Total interest income related to the above note receivable approximated \$200,000, \$200,000, and \$167,000 for the years ended September 30, 2011, 2010, and 2009, respectively. The amounts are recorded as investment income in the consolidated statements of operations.

The collectability of those amounts is dependent on WRCMH's future ability to generate cash from operating activities. Management has represented that the amounts stated above are collectible.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 20 **Related-Party Transactions** (Continued)

Effective December 1, 2010, PHS became the sole corporate member of PHS Foundation. To represent the Corporation's beneficial interest in PHS Foundation, the Corporation has recorded its interest in Partners Health System Foundation, Inc. at September 30, 2011, in the accompany consolidated balance sheets. Prior to this change, the activity and net assets of PHS Foundation were consolidated into the Corporation's financial statements. Due to immateriality, management chose to not consolidate the two months of activity before the change in corporate membership. The cumulative net loss, including unrealized loss on investments for the two-month period ended November 30, 2010, totaled approximately \$16,500.

The Corporation also provided management and general services totaling \$62,707 for the year ended September 30, 2011, to PHS Foundation.

Note 21 **Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to credit risk consist principally of cash deposits in excess of insured limits, accounts receivable, and investments which are uninsured.

The Organization maintains depository relationships with area financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). On November 9, 2010, the FDIC issued a final rule implementing Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of non-interest-bearing transaction accounts through December 31, 2012. The Organization maintains cash in interest-bearing accounts at these institutions that are insured by the FDIC up to \$250,000. At September 30, 2011, the Organization exceeded FDIC-insured limits by approximately \$10,940,000. In addition, other investments held by financial institutions are uninsured. However, the Organization has received collateral from these financial institutions of approximately \$6,600,000, which management believes minimizes the credit risk.

Community Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 Concentration of Credit Risk (Continued)

The mix of receivables from patients and third-party payors was as follows at September 30:

	2011	2010	2009
Medicare	38%	45%	39%
Medicaid	9%	8%	11%
Other third-party payors	27%	26%	27%
Patients	26%	21%	23%
Totals	100%	100%	100%

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Corporation's patients are from Berlin, Wisconsin, and the surrounding area. See Note 20 for discussion on accounts receivable from related parties.

Note 22 Reclassifications

Certain reclassifications have been made to the 2010 and 2009 consolidated financial statements to conform to the 2011 classifications.

Additional Information



Independent Auditor's Report on Additional Information

Board of Directors
Community Health Network, Inc.
Berlin, Wisconsin

Our report on our audits of the consolidated financial statements of Community Health Network, Inc. and Subsidiaries for the years ended September 30, 2011, 2010, and 2009, appears on page 1. Those audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional information appearing on pages 46 through 56 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

November 23, 2011
Green Bay, Wisconsin

Community Health Network, Inc. and Subsidiaries

Consolidating Balance Sheet

September 30, 2011 With Comparative Totals for 2010 and 2009

<i>Assets</i>	Community Health Network, Inc.	Community Medical Center of Green Lake, LLC	Eliminations	Total All Organizations		
				2011	2010	2009
Current assets						
Cash and cash equivalents	\$ 7,236,953	\$ 82,740	\$ 0	\$ 7,319,693	\$9,144,029	\$ 9,207,952
Investments	3,389,355	0	0	3,389,355	3,354,054	335,125
Accounts receivable - Net						
Patients	9,568,090	171,617	0	9,739,707	9,651,496	8,516,830
Related parties	254,673	0	0	254,673	194,704	657,315
Prepaid expenses and other	1,349,349	13,955	0	1,363,304	1,613,433	1,028,705
Inventories	859,104	0	0	859,104	670,022	642,516
Total current assets	22,657,524	268,312	0	22,925,836	24,627,738	20,388,443
Assets limited as to use	8,938,912	0	0	8,938,912	9,548,650	8,326,811
Interest in Partners Health System Foundation, Inc	1,004,060	0	0	1,004,060	0	0
Property and equipment - Net	16,927,534	1,779,113	0	18,706,647	18,274,373	17,239,125
Other assets						
Accounts receivable - Net - Related parties	2,036,418	0	0	2,036,418	2,316,418	2,313,925
Investment (loss) in unconsolidated affiliate	240,228	0	(240,228)	0	0	(507,247)
Other	741,615	0	0	741,615	675,099	495,154
Total other assets	3,018,261	0	(240,228)	2,778,033	2,991,517	2,301,832
TOTAL ASSETS	\$ 52,546,291	\$ 2,047,425	\$ (240,228)	\$ 54,353,488	\$ 55,442,278	\$ 48,256,211

Community Health Network, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)

September 30, 2011 With Comparative Totals for 2010 and 2009

<i>Liabilities and Net Assets</i>	Community Health Network, Inc.	Community Medical Center of Green Lake, LLC	Eliminations	Total All Organizations		
				2011	2010	2009
Current liabilities						
Current maturities of long-term debt	\$ 381,650	\$ 48,521	\$ 0	\$ 430,171	\$389,642	\$ 3,210,061
Accounts payable	1,595,581	0	0	1,595,581	1,539,107	1,480,668
Accrued salaries and payroll deductions	1,469,302	0	0	1,469,302	2,444,258	2,319,343
Accrued vacation benefits	1,746,990	0	0	1,746,990	1,621,904	1,195,829
Accrued interest	94,630	0	0	94,630	96,759	96,876
Amounts due to third-party reimbursement programs	573,524	0	0	573,524	861,164	22,165
Other liabilities	1,177,013	0	0	1,177,013	1,608,823	1,297,683
Total current liabilities	7,038,690	48,521	0	7,087,211	8,561,657	9,622,625
Long-term liabilities						
Long-term debt	14,003,019	1,758,676	0	15,761,695	16,081,851	10,302,924
Deferred compensation	3,728,256	0	0	3,728,256	3,495,343	2,368,941
Total long-term liabilities	17,731,275	1,758,676	0	19,489,951	19,577,194	12,671,865
Total liabilities	24,769,965	1,807,197	0	26,577,162	28,138,851	22,294,490
Net assets						
Unrestricted	26,772,266	240,228	(240,228)	26,772,266	26,502,477	25,222,540
Temporarily restricted	1,004,060	0	0	1,004,060	800,950	739,181
Total net assets	27,776,326	240,228	(240,228)	27,776,326	27,303,427	25,961,721
TOTAL LIABILITIES AND NET ASSETS	\$ 52,546,291	\$ 2,047,425	\$ (240,228)	\$ 54,353,488	\$ 55,442,278	\$ 48,256,211

See Independent Auditor's Report on Additional Information.

Community Health Network, Inc. and Subsidiaries

Consolidating Statement of Operations

Year Ended September 30, 2011 With Comparative Totals for 2010 and 2009

	Community Health Network, Inc	Community Medical Center of Green Lake, LLC	Community Health Network Foundation, Inc	Eliminations	Total All Organizations		
					2011	2010	2009
Revenue							
Net patient service revenue	\$ 71,683,897	\$ 851,384	\$ 0	\$ 0	\$ 72,535,281	\$ 70,019,982	\$ 62,451,753
Other revenue	4,788,083	0	0	0	4,788,083	4,677,111	4,801,430
Net assets released from restrictions used for operations	0	0	0	0	0	28,880	25,185
Total revenue	76,471,980	851,384	0	0	77,323,364	74,725,973	67,278,368
Expenses							
Salaries and wages	34,105,579	665,213	0	0	34,770,792	33,070,291	29,032,598
Fringe benefits	9,049,615	152,802	0	0	9,202,417	8,586,117	7,709,900
Supplies and other	26,772,822	293,273	0	0	27,066,095	26,466,068	23,931,927
Interest	735,121	92,889	0	0	828,010	882,494	788,723
Depreciation	2,256,145	162,994	0	0	2,419,139	2,284,519	2,060,503
Amortization	88,447	0	0	0	88,447	58,778	42,435
Provision for bad debts	2,778,023	23,694	0	0	2,801,717	2,754,230	2,864,500
Allocated costs	(34,726)	34,726	0	0	0	0	0
Total expenses	75,751,026	1,425,591	0	0	77,176,617	74,102,497	66,430,586
Income (loss) from operations	720,954	(574,207)	0	0	146,747	623,476	847,782
Other income (expense)							
Investment income	569,782	841	0	0	570,623	558,367	101,827
Other - Net	(571,714)	0	0	573,366	1,652	(27,610)	(512,591)
Excess (deficiency) of revenue over expenses	719,022	(573,366)	0	573,366	719,022	1,154,233	437,018
Other changes in unrestricted net assets							
Transfer to Partners Health System Foundation, Inc	0	0	(143,168)	0	(143,168)	0	0
Capital contributions from Community Health Network, Inc	0	539,639	0	(539,639)	0	0	0
Change in net unrealized gains and losses on investments other than trading securities	(322,744)	0	0	0	(322,744)	125,704	410,100
Net assets released from restrictions used for capital purchases	16,679	0	0	0	16,679	0	0
Increase (decrease) in unrestricted net assets	\$ 412,957	\$ (33,727)	\$ (143,168)	\$ 33,727	\$ 269,789	\$ 1,279,937	\$ 847,118

See Independent Auditor's Report on Additional Information.

Community Health Network, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets

Year Ended September 30, 2011 With Comparative Totals for 2010 and 2009

	Community Health Network, Inc	Community Medical Center of Green Lake, LLC	Community Health Network Foundation, Inc	Eliminations	Total All Organizations		
					2011	2010	2009
Unrestricted net assets							
Excess (deficiency) of revenue over expenses	\$ 719,022	\$ (573,366)	\$ 0	\$ 573,366	\$ 719,022	\$ 1,154,233	\$ 437,018
Transfer to Partners Health System Foundation, Inc	0	0	(143,168)	0	(143,168)	0	0
Capital contributions from Community Health Network, Inc	0	539,639	0	(539,639)	0	0	0
Change in net unrealized gains and losses on investments other than trading securities	(322,744)	0	0	0	(322,744)	125,704	410,100
Net assets released from restrictions used for capital purchases	16,679	0	0	0	16,679	0	0
Increase (decrease) in unrestricted net assets	412,957	(33,727)	(143,168)	33,727	269,789	1,279,937	847,118
Temporarily restricted net assets							
Contributions from donors	0	0	0	0	0	90,649	104,715
Contributions from Partners Health System Foundation, Inc	16,679	0	0	0	16,679	0	0
Transfer to Partners Health System Foundation, Inc	0	0	(800,950)	0	(800,950)	0	0
Change in beneficial interest in net assets of Partners Health System Foundation, Inc	1,004,060	0	0	0	1,004,060	0	0
Net assets released from restrictions	(16,679)	0	0	0	(16,679)	(28,880)	(25,185)
Increase (decrease) in temporarily restricted net assets	1,004,060	0	(800,950)	0	203,110	61,769	79,530
Increase (decrease) in net assets	1,417,017	(33,727)	(944,118)	33,727	472,899	1,341,706	926,648
Net assets at beginning	26,359,309	273,955	944,118	(273,955)	27,303,427	25,961,721	25,035,073
Net assets at end	\$ 27,776,326	\$ 240,228	\$ 0	\$ (240,228)	\$ 27,776,326	\$ 27,303,427	\$ 25,961,721

See Independent Auditor's Report on Additional Information.

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - Berlin Memorial Hospital

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 43,166,606	\$ 43,506,636	\$ 39,622,720
Other revenue	649,584	686,731	604,003
Total revenue	43,816,190	44,193,367	40,226,723
Expenses:			
Salaries and wages	11,139,522	11,277,752	11,273,547
Fringe benefits	3,383,917	3,294,305	3,212,127
Supplies and other	15,483,998	15,293,943	12,905,569
Interest	447,768	493,254	528,352
Depreciation	1,588,407	1,473,713	1,399,916
Amortization	13,531	11,534	9,492
Provision for bad debts	2,011,034	2,130,544	2,249,697
Allocated overhead costs - Net	4,906,818	4,473,651	4,247,365
Total expenses	38,974,995	38,448,696	35,826,065
Income from operations	\$ 4,841,195	\$ 5,744,671	\$ 4,400,658

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - Long-Term Care Services

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 4,366,178	\$ 4,318,507	\$ 4,512,304
Other revenue	60,118	47,182	37,140
Total revenue	4,426,296	4,365,689	4,549,444
Expenses:			
Salaries and wages	2,245,290	2,286,608	2,327,528
Fringe benefits	801,764	809,685	822,727
Supplies and other	1,066,311	986,862	822,954
Interest	23,956	26,526	28,454
Depreciation	88,951	90,926	87,451
Amortization	875	745	561
Provision for bad debts	6,000	103,000	44,528
Allocated overhead costs - Net	566,949	602,702	782,634
Total expenses	4,800,096	4,907,054	4,916,837
Loss from operations	\$ (373,800)	\$ (541,365)	\$ (367,393)

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - CHN Home Care

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 1,128,963	\$ 1,323,154	\$ 1,101,378
Other revenue	94,407	97,156	95,208
Total revenue	1,223,370	1,420,310	1,196,586
Expenses:			
Salaries and wages	808,423	772,784	628,338
Fringe benefits	260,682	229,708	180,573
Supplies and other	224,241	235,719	222,138
Depreciation	666	1,014	2,873
Provision for bad debts	1,500	1,500	1,500
Allocated overhead costs - Net	104,591	184,774	163,724
Total expenses	1,400,103	1,425,499	1,199,146
Loss from operations	\$ (176,733)	\$ (5,189)	\$ (2,560)

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - CHN Rehabilitation Services

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 2,973,423	\$ 2,663,155	\$ 2,602,267
Other revenue	1,990	2,849	2,669
Total revenue	2,975,413	2,666,004	2,604,936
Expenses:			
Salaries and wages	1,204,737	1,151,935	1,177,298
Fringe benefits	371,251	384,609	383,682
Supplies and other	211,283	193,773	201,972
Depreciation	15,674	18,795	25,150
Provision for bad debts	107,353	99,258	103,903
Allocated overhead costs - Net	408,358	274,283	162,107
Total expenses	2,318,656	2,122,653	2,054,112
Income from operations	\$ 656,757	\$ 543,351	\$ 550,824

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - CHN Medical Group

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 18,023,662	\$ 15,579,209	\$ 12,696,994
Other revenue	815,520	1,949,781	1,491,924
Total revenue	18,839,182	17,528,990	14,188,918
Expenses:			
Salaries and wages	13,149,496	12,506,719	9,035,200
Fringe benefits	2,790,503	2,550,231	2,044,547
Supplies and other	4,782,265	5,047,669	5,053,244
Interest	258,115	281,440	226,091
Depreciation	502,171	478,105	465,449
Amortization	47,974	20,432	6,315
Provision for bad debts	651,529	371,132	454,643
Allocated overhead costs - Net	724,986	602,792	380,762
Total expenses	22,907,039	21,858,520	17,666,251
Loss from operations	\$ (4,067,857)	\$ (4,329,530)	\$ (3,477,333)

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - CHN Pharmacy

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 1,953,834	\$ 1,851,944	\$ 1,874,295
Other revenue	111,825	94,034	94,541
Total revenue	2,065,659	1,945,978	1,968,836
Expenses:			
Salaries and wages	237,840	227,082	237,446
Fringe benefits	58,640	55,190	54,145
Supplies and other	1,716,558	1,609,763	1,642,469
Depreciation	7,334	7,113	3,790
Provision for bad debts	607	5,928	10,229
Allocated overhead costs - Net	19,545	18,787	18,742
Total expenses	2,040,524	1,923,863	1,966,821
Income from operations	\$ 25,135	\$ 22,115	\$ 2,015

Community Health Network, Inc. and Subsidiaries

Schedules of Operations - Network Services

Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
Revenue:			
Net patient service revenue	\$ 71,231	\$ 65,507	\$ 41,795
Other revenue	3,054,639	2,915,922	2,554,367
Total revenue	3,125,870	2,981,429	2,596,162
Expenses:			
Salaries and wages	5,320,271	4,873,188	4,353,241
Fringe benefits	1,382,858	1,264,155	1,012,099
Supplies and other	3,288,166	3,083,846	3,058,397
Interest	5,282	5,394	5,826
Depreciation	52,942	65,274	75,874
Amortization	26,067	26,067	26,067
Allocated overhead costs - Net	(6,765,973)	(6,156,989)	(5,755,334)
Total expenses	3,309,613	3,160,935	2,776,170
Loss from operations	\$ (183,743)	\$ (179,506)	\$ (180,008)

