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2010

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Form 990

Department of the Treasury  
Internal Revenue Service

## Return of Organization Exempt From Income Tax

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

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

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

B Check if applicable

 Address change Name change Initial return Terminated Amended return Application pendingC Name of organization  
BELLIN PSYCHIATRIC CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address)  
PO BOX 23725

D Employer identification number

39-1657627

E Telephone number

(920) 445-7260

G Gross receipts \$ 17,257,984

F Name and address of principal officer  
BOB FRY  
PO BOX 23725  
GREEN BAY, WI 543053725H(a) Is this a group return for affiliates?  Yes  NoH(b) Are all affiliates included?  Yes  No  
If "No," attach a list (see instructions)

H(c) Group exemption number ►

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

J Website: ► WWW BELLIN.ORG

K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 1990

M State of legal domicile WI

## Part I Summary

1	Briefly describe the organization's mission or most significant activities BELLIN PSYCHIATRIC CENTER, INC (BPC) PROVIDES PSYCHIATRIC AND ALCOHOL AND OTHER DRUG ABUSE (AODA) SERVICES TO ENHANCE THE HEALTH OF THE COMMUNITY AND IMPROVE THE HEALTH OF LOW-INCOME PATIENTS CONSISTENT WITH THE MISSION OF BPC, CARE IS PROVIDED TO PATIENTS REGARDLESS OF THEIR ABILITY TO PAY
2	Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets
3	Number of voting members of the governing body (Part VI, line 1a) . . . . .
4	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .
6	Total number of volunteers (estimate if necessary) . . . . .
7a	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .
b	Net unrelated business taxable income from Form 990-T, line 34 . . . . .

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h) . . . . .	0	0
9	Program service revenue (Part VIII, line 2g) . . . . .	17,615,193	16,869,308
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	267,056	388,676
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	17,882,249	17,257,984
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) . . . . .	12,221,019	12,993,197
16a	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ►0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) . . . . .	4,803,085	4,564,587
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .	17,024,104	17,557,784
19	Revenue less expenses Subtract line 18 from line 12 . . . . .	858,145	-299,800

	Beginning of Current Year	End of Year
20	21,086,420	20,844,752
21	5,980,695	6,209,381
22	15,105,725	14,635,371

## Part II Signature Block

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

Sign Here	***** Signature of officer BOB FRY SECRETARY, TREASURER Type or print name and title	2012-08-14 Date

Paid Preparer Use Only	Print/Type preparer's name TERRI REXRODE CPA MST	Preparer's signature TERRI REXRODE CPA MST	Date 2012-08-10	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ► WIPFLI LLP				Firm's EIN ►
	Firm's address ► PO BOX 12237 GREEN BAY, WI 543072237				Phone no ► (920) 662-0016

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

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III **1 Briefly describe the organization's mission**

BELLIN PSYCHIATRIC CENTER WILL BE RECOGNIZED AS THE PREFERRED PROVIDER FOR PSYCHIATRIC DISORDERS AND ADDICTIVE DISEASES THROUGH THE DELIVERY OF A CONTINUUM OF CARE AND PREVENTION PROGRAMS BASED ON THE QUALITY CARE DELIVERED AT A REASONABLE COST WITH A MEASURABLE OUTCOME BY IMPROVING WORK PROCESSES AND SYSTEMS EXCEEDING CUSTOMER NEEDS AND EXPECTATIONS. EMPOWERING STAFF TO EXCEL PERSONALLY AND PROFESSIONALLY IN COOPERATION WITH PSYCHIATRISTS, PSYCHOLOGISTS, PRIMARY CARE PHYSICIANS, AGENCIES AND HEALTH PROFESSIONALS, BELLIN PSYCHIATRIC CENTER IS DEDICATED TO THE MULTIDISCIPLINARY TREATMENT OF CHILDREN, ADOLESCENTS, ADULTS AND THEIR FAMILY MEMBERS THROUGHOUT OUR PRIMARY MARKET OF WISCONSIN AND THE UPPER PENINSULA OF MICHIGAN

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

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

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

If "Yes," describe these changes on Schedule O

**4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses**

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

**4a** (Code ) (Expenses \$ 14,990,721 including grants of \$ ) (Revenue \$ 16,839,197 )

THE CENTER PROVIDES PSYCHIATRIC AND ALCOHOL AND OTHER DRUG ABUSE (AODA) SERVICES TO RESIDENTS OF NORTHEASTERN WISCONSIN DURING FISCAL YEAR 2011. 7,716 INPATIENT DAYS WERE PROVIDED (4,413 ADULT, 890 CHILD AND 2,413 ADOLESCENT). THE NUMBER OF OUTPATIENT THERAPY VISITS DURING FISCAL YEAR 2011 WERE 19,473. IN ADDITION THERE WERE 40,165 INPATIENT AND OUTPATIENT MD AND PHD VISITS

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

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

**4d Other program services (Describe in Schedule O )**

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e Total program service expenses** \$ 14,990,721

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

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.

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.

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.

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.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

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.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

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

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

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)

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

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

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H

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)

	Yes	No
1	Yes	
2		No
3		No
4		No
5		
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

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

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

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

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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	<b>1a</b>	0
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	<b>2a</b>	195
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	Yes
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b>	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	No
<b>b</b>	If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	<b>7a</b>	No
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7b</b>	
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7c</b>	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7d</b>	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7e</b>	No
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7f</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7g</b>	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7h</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>8</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>9a</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	<b>9b</b>	
<b>a</b>	Did the organization make any taxable distributions under section 4966?		
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter	<b>10a</b>	
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10b</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	<b>11a</b>	
<b>a</b>	Gross income from members or shareholders	<b>11b</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12b</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	<b>13a</b>	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O		
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14b</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**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

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? . . . . .

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? . . . . .

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .

5 Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .

6 Does the organization have members or stockholders? . . . . .

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body? . . . . .

b Each committee with authority to act on behalf of the governing body? . . . . .

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 . . . . .

	Yes	No
1a		9
1b		3
2		No
3		No
4		No
5		No
6	Yes	
7a	Yes	
7b	Yes	
8a	Yes	
8b	Yes	
9		No

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

10a Does the organization have local chapters, branches, or affiliates? . . . . .

b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .

11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? . . . . .

b Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .

12a Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .

b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .

c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .

13 Does the organization have a written whistleblower policy? . . . . .

14 Does the organization have a written document retention and destruction policy? . . . . .

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official . . . . .

b Other officers or key employees of the organization . . . . .

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? . . . . .

b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13	Yes	
14	Yes	
15a	Yes	
15b	Yes	
16a		No
16b		

### Section C. Disclosure

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

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

Own website  Another's website  Upon request

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

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

KEVIN J MCGURK  
744 S WEBSTER AVE  
GREEN BAY, WI 54301  
(920) 445-7260

**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
		Officer or director	Individual trustee	Institutional Trustee	Key employee	Highest compensated employee			
(1) BARBARA GILLING MEMBER	2 00	X					0	0	0
(2) SHARLA BAENEN BPC PRESIDENT/MEMBER	11 00	X		X			38,898	61,133	32,004
(3) ROBERT FRY SECRETARY, TREASURER	2 00	X		X			0	0	0
(4) ANTHONY MARCHLEWSKI MD PRESIDENT MEDICAL STAFF	40 00	X		X			265,869	0	28,819
(5) JOHN PAUL CHAIRMAN	2 00	X		X			0	0	0
(6) JASON WURTH MD MEMBER	2 00	X					0	238,869	23,809
(7) CHRISTINE WOELSKY MEMBER/BELLIN EXECUTIVE VP	2 00	X					0	223,892	25,308
(8) IZABELA DITCHEN-SIMS MD MEMBER/BMG PHYSICIAN	2 00	X					0	246,729	23,386
(9) PAUL BURNETT MD PSYCHIATRIST/MEMBER	40 00	X					318,463	0	26,659
(10) JOHN CHARLES MD PSYCHIATRIST	40 00				X		417,679	0	24,225
(11) ASHRAF AHMED MD PSYCHIATRIST	40 00				X		953,783	0	34,204
(12) CARLOS CASTILLO MD PSYCHIATRIST	40 00				X		444,025	0	19,589
(13) DENISE BRACHMANN MD PSYCHIATRIST	40 00				X		268,978	0	22,838
(14) KIM LASECKI PSYD PSYCHOLOGIST	40 00				X		211,337	0	24,592
(15) LINDA ROETHLE FORMER ADMINISTRATOR/MEMBER	36 00					X	128,985	16,537	9,552

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

## **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

**Part VIII Statement of Revenue**

Contributions, gifts, grants and other similar amounts		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
<b>b</b> Membership dues . . . . .	<b>1b</b>				
<b>c</b> Fundraising events . . . . .	<b>1c</b>				
<b>d</b> Related organizations . . . . .	<b>1d</b>				
<b>e</b> Government grants (contributions)	<b>1e</b>				
<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>				
<b>g</b> Noncash contributions included in lines 1a-1f \$					
<b>h Total.</b> Add lines 1a-1f . . . . .					
<b>Program Service Revenue</b>		Business Code			
<b>2a</b> NET PATIENT SERVICE RE		621300	16,700,107	16,700,107	
<b>b</b> MISCELLANEOUS		621300	139,779	139,090	689
<b>c</b> MEDICAL RECORDS		621300	29,422		29,422
<b>d</b>					
<b>e</b>					
<b>f</b> All other program service revenue					
<b>g Total.</b> Add lines 2a-2f . . . . .			16,869,308		
<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .					
			183,022		183,022
<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .					
<b>5</b> Royalties . . . . .					
<b>6a</b> Gross Rents	(I) Real	(II) Personal			
<b>b</b> Less rental expenses					
<b>c</b> Rental income or (loss)					
<b>d</b> Net rental income or (loss) . . . . .					
<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities	(II) Other			
<b>b</b> Less cost or other basis and sales expenses	205,654				
<b>c</b> Gain or (loss)					
<b>d</b> Net gain or (loss) . . . . .	205,654		205,654		205,654
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
<b>a</b>					
<b>b</b> Less direct expenses . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from fundraising events . . . . .					
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>				
<b>b</b> Less direct expenses . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from gaming activities . . . . .					
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .					
<b>a</b>					
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from sales of inventory . . . . .					
<b>Miscellaneous Revenue</b>		Business Code			
<b>11a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b> All other revenue . . . . .					
<b>e Total.</b> Add lines 11a-11d . . . . .					
<b>12 Total revenue.</b> See Instructions . . . . .			17,257,984	16,839,197	0 418,787

**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).**

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
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 . . . . .	692,631	657,999	34,632	
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	10,001,414	9,363,442	637,972	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	446,696	415,188	31,508	
9 Other employee benefits . . . . .	1,203,468	1,056,420	147,048	
10 Payroll taxes . . . . .	648,988	598,495	50,493	
a Fees for services (non-employees) Management . . . . .				
b Legal . . . . .	2,202		2,202	
c Accounting . . . . .	18,457		18,457	
d Lobbying . . . . .				
e Professional fundraising services See Part IV, line 17 . . . . .				
f Investment management fees . . . . .				
g Other . . . . .	1,490,089	1,357,387	132,702	
12 Advertising and promotion . . . . .	34,075	1,429	32,646	
13 Office expenses . . . . .	63,578	47,380	16,198	
14 Information technology . . . . .	4,807	3,959	848	
15 Royalties . . . . .				
16 Occupancy . . . . .	274,045	245,238	28,807	
17 Travel . . . . .	12,431	3,367	9,064	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19 Conferences, conventions, and meetings . . . . .	91,546	68,662	22,884	
20 Interest . . . . .	308,969		308,969	
21 Payments to affiliates . . . . .				
22 Depreciation, depletion, and amortization . . . . .	293,771		293,771	
23 Insurance . . . . .	59,304	21,943	37,361	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a SUPPLIES	1,110,310	395,878	714,432	
b BAD DEBT EXPENSE	664,842	664,842		
c EQUIPMENT RENT/MAINT	57,323	48,525	8,798	
d DUES & SUBSCRIPTIONS	39,687	31,145	8,542	
e TELEPHONE	39,151	9,422	29,729	
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	17,557,784	14,990,721	2,567,063	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**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	4,692,967	<b>1</b> 5,210,801
	2 Savings and temporary cash investments . . . . .	502,855	<b>2</b>
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	2,080,953	<b>4</b> 1,782,791
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L . . . . .	6	
	7 Notes and loans receivable, net . . . . .	7	
	8 Inventories for sale or use . . . . .	8	
	9 Prepaid expenses and deferred charges . . . . .	9	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 8,238,201	
	b Less accumulated depreciation . . . . .	10b 2,272,702	<b>10c</b> 6,128,935 5,965,499
	11 Investments—publicly traded securities . . . . .	7,610,972	<b>11</b> 7,821,588
	12 Investments—other securities See Part IV, line 11 . . . . .	0	<b>12</b>
	13 Investments—program-related See Part IV, line 11 . . . . .	13	
	14 Intangible assets . . . . .	14	
	15 Other assets See Part IV, line 11 . . . . .	69,738	<b>15</b> 64,073
	<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	21,086,420	<b>16</b> 20,844,752
Liabilities	17 Accounts payable and accrued expenses . . . . .	1,893,094	<b>17</b> 1,663,582
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	19	
	20 Tax-exempt bond liabilities . . . . .	4,087,601	<b>20</b> 3,929,071
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	22	
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	23	
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
	25 Other liabilities Complete Part X of Schedule D . . . . .	0	<b>25</b> 616,728
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	5,980,695	<b>26</b> 6,209,381
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	15,105,725	<b>27</b> 14,635,371
	28 Temporarily restricted net assets . . . . .	28	
	29 Permanently restricted net assets . . . . .	29	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	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 . . . . .	15,105,725	<b>33</b> 14,635,371
	<b>34 Total liabilities and net assets/fund balances . . . . .</b>	21,086,420	<b>34</b> 20,844,752

**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	17,257,984
2	Total expenses (must equal Part IX, column (A), line 25)	2	17,557,784
3	Revenue less expenses Subtract line 2 from line 1	3	-299,800
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	15,105,725
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-170,554
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	14,635,371

**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? . . .	2a	No
2b	Were the organization's financial statements audited by an independent accountant? . . .	2b	Yes
2c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . .	2c	Yes
2d	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? . . .	3a	No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . .	3b	

**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support****2010****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue ServiceComplete 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.

Name of the organization  
BELLIN PSYCHIATRIC CENTER

Employer identification number

39-1657627

**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			
<b>Total</b>							

**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 <b>Total.</b> 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 <b>Public Support.</b> 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 <b>Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 <b>First Five Years</b> 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 <b>stop here</b>						►

**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 <b>33 1/3% support test—2010.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		►
b <b>33 1/3% support test—2009.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization		►
17a <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
b <b>10%-facts-and-circumstances test—2009.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
18 <b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		►

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (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						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support</b> (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 <b>33 1/3% support tests—2010.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
<b>b</b> <b>33 1/3% support tests—2009.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
20 <b>Private Foundation</b> 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).

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2010

Open to Public  
Inspection**SCHEDULE D**  
(Form 990)**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.

Department of the Treasury  
Internal Revenue ServiceEmployer identification number  
39-1657627**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

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

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

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

Preservation of land for public use (e.g., recreation or pleasure)  Preservation of an historically importantly land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
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

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

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

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

<b>a</b> <input type="checkbox"/> Public exhibition	<b>d</b> <input type="checkbox"/> Loan or exchange programs
<b>b</b> <input type="checkbox"/> Scholarly research	<b>e</b> <input type="checkbox"/> Other
<b>c</b> <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

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

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

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

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

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

**a** Board designated or quasi-endowment ►

**b** Permanent endowment ►

**c** Term endowment ►

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

**(i)** unrelated organizations . . . . .  Yes  No

**(ii)** related organizations . . . . .  Yes  No

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .  Yes  No

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

<b>3a(i)</b>	<b>3a(ii)</b>	<b>3b</b>

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

	<b>Description of investment</b>	<b>(a) Cost or other basis (investment)</b>	<b>(b) Cost or other basis (other)</b>	<b>(c) Accumulated depreciation</b>	<b>(d) Book value</b>
<b>1a</b> Land . . . . .		2,500,165			2,500,165
<b>b</b> Buildings . . . . .		3,280,417	1,026,016		2,254,401
<b>c</b> Leasehold improvements . . . . .					
<b>d</b> Equipment . . . . .		2,457,619	1,246,686		1,210,933
<b>e</b> Other . . . . .					
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					5,965,499

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

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

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

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

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

(a) Description	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)	

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

(a) Description of Liability	(b) Amount	
Federal Income Taxes		
DUE TO AFFILIATES	616,728	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.)	616,728	

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	17,257,984
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	17,557,784
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-299,800
4	Net unrealized gains (losses) on investments	4	-170,554
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-170,554
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-470,354

**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	17,087,430
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-170,554
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	-170,554
3	Subtract line 2e from line 1	3	17,257,984
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 )	5	17,257,984

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

1	Total expenses and losses per audited financial statements	1	17,557,784
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	17,557,784
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	17,557,784

**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 UNCERTAIN TAX POSITIONS, BELLIN HEALTH SYSTEMS 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. BELLIN HEALTH SYSTEMS RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS IN 2011 OR 2010. FEDERAL AND STATE RETURNS FOR TAX YEARS 2007 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY MAJOR TAX JURISDICTIONS.

SCHEDULE H  
(Form 990)Department of the Treasury  
Internal Revenue Service

## Hospitals

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

Employer identification number

39-1657627

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

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .  
 b If "Yes," is it a written policy? . . . . .  
 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  
 Applied uniformly to all hospitals       Applied uniformly to most hospitals  
 Generally tailored to individual hospitals

3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year

a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care  
 100%     150%     200%     Other \_\_\_\_\_ %

b Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care  
 200%     250%     300%     350%     400%     Other \_\_\_\_\_ %

c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care

4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .  
 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .  
 b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .  
 c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .  
 6a Does the organization prepare a community benefit report during the tax year? . . . . .  
 b If "Yes," did the organization make it available to the public? . . . . .  
 Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

	Yes	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a	Yes	
5b		No
5c		
6a	Yes	
6b	Yes	

## 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)			320,806		320,806	1 900 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			3,897,002	2,776,216	1,120,786	6 630 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			4,217,808	2,776,216	1,441,592	8 530 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits						
k Total. Add lines 7d and 7j			4,217,808	2,776,216	1,441,592	8 530 %

**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	1		57,906	15,388	42,518	0 250 %
8 Workforce development						
9 Other						
<b>10 Total</b>	1		57,906	15,388	42,518	0 250 %

**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	366,729	
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	0	
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	1,896,490
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	2,938,203
7 Subtract line 6 from line 5 This is the surplus or (shortfall) . . . . .	7	-1,041,713
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

Cost accounting system

Cost to charge ratio

Other

**Section C. Collection Practices**

9a Does the organization have a written debt collection policy? . . . . .	9a	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				

## Part V Facility Information

## **Section A. Hospital Facilities**

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

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

**Part V Facility Information (continued)**

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

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

How many non-hospital facilities did the organization operate during the tax year? **11**

Name and address	Type of Facility (Describe)
<b>1</b>	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 6A BELLIN PSYCHIATRIC CENTER IS INCLUDED IN THE ANNUAL BELLIN HEALTH SYSTEMS, INC COMMUNITY BENEFIT REPORT

Identifier	ReturnReference	Explanation
		PART I, LINE 7 AMOUNTS ARE CALCULATED BASED ON COST TO CHARGE RATIOS AND AMOUNTS PER THE FINANCIAL STATEMENTS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$664,842 INCLUDED ON FORM 990, PART IX, LINE 25 WAS EXCLUDED FROM THE DENOMINATOR PER INSTRUCTIONS WHEN CALCULATING THE PERCENT TOTAL EXPENSES ON SCHEDULE H

Identifier	ReturnReference	Explanation
		PART II PSYCHIATRIC NURSE PROVIDED TO AMERICAN FOUNDATION OF COUNSELING SERVICES AS PART OF PROGRAM TO SERVE THE MENTAL HEALTH NEEDS OF THE INDIGENT POPULATION OF NORTHEAST WI

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE COST OF BAD DEBT IS DETERMINED USING THE COST TO CHARGE RATIO THERE MAY BE A SMALL PERCENTAGE OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS WHO ARE ELIGIBLE FOR CHARITY CARE BELLIN PSYCHIATRIC CENTER CURRENTLY DOES NOT TRACK THESE NUMBERS AND IS UNABLE TO MAKE A SUBSTANTIATED ESTIMATE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE AMOUNTS REPORTED FOR MEDICARE WERE CALCULATED USING A COST TO CHARGE RATIO THE SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT FOR THE FOLLOWING REASONS IRS REV RUL 69-545 WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS STATES THAT IF A HOSPITAL SERVICES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY ALSO, ELDERLY PATIENTS ARE OFTEN UNDERSERVED AND EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE SERVICES WITHOUT EXEMPT HOSPITALS, CMS WOULD NEED TO PROVIDE THESE SERVICES

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS EXPRESSING CONCERNS ABOUT THEIR ABILITY TO PAY FOR SERVICES ARE OFFERED INFORMATION ABOUT OUR COMMUNITY CARE PROGRAM AND, IF REQUESTED, CARE PROVIDED A COMMUNITY CARE APPLICATION A COMPLETED APPLICATION WILL BE RETURNED ALONG WITH A COPY OF THE MOST RECENT FEDERAL INCOME TAX RETURN WE MAY ALSO REQUEST THE MOST RECENT THREE MONTHS OF CHECK STUBS, AND EMPLOYER LETTER OR PROOF OF OTHER EARNINGS (SOCIAL SECURITY, PENSION, DISABILITY INCOME) IN ADDITION WE WILL REVIEW THE NET ASSETS AVAILABLE TO BE USED TOWARDS PAYMENT OF THE BILL ONCE A COMPLETED APPLICATION AND OTHER MATERIALS ARE RECEIVED THEY WILL BE REVIEWED BY A FINANCIAL ADVISOR THE ADJUSTED INCOME WHICH IS DETERMINED WILL BE COMPARED TO GOVERNMENT FEDERAL POVERTY GUIDELINES AND THE APPROVED DISCOUNT FROM FULL CHARGES WILL BE DETERMINED BASED ON WHERE THE PATIENT FALLS WITHIN OUR GUIDELINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 BELLIN PSYCHIATRIC CENTER HAS NOT COMPLETED A COMMUNITY NEEDS ASSESSMENT TO DATE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FINANCIAL COUNSELORS ADVISE PATIENTS OF ASSISTANCE PROGRAMS AS WELL AS SERVICE CALLED HRS ERASE IS USED TO REVIEW SELF PAY ACCOUNTS FOR POSSIBLE COVERAGE THROUGH GOVERNMENT PROGRAMS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 BELLIN PSYCHIATRIC CENTER SERVES NORTHEAST WISCONSIN INCLUDING CLINICS IN THE CITIES OF GREEN BAY, ASHWAUBENON, BELLEVUE, DE PERE, MANITOWOC, OCONTO, OCONTO FALLS, PESHTIGO AND KEWAUNEE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 A MAJORITY OF BELLIN PSYCHIATRIC CENTER'S GOVERNING BODY IS COMPRISED OF PERSON WHO RESIDE IN BELLIN PSYCHIATRIC CENTER'S PRIMARY SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF IN ADDITION, BELLIN PSYCHIATRIC CENTER EXTENDS MEDICAL STAFF PRIVELEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR ALL OF ITS DEPARTMENTS BELLIN PSYCHIATRIC CENTER APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE, EDUCATION AND FACILITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 BELLIN HEALTH IS A COMMUNITY- OWNED NOT-FOR-PROFIT ORGANIZATION RESPONSIBLE FOR THE PHYSICAL AND EMOTIONAL HEALTH OF PEOPLE LIVING IN NORTHEAST WISCONSIN AND THE UPPER PENINSULA OF MICHIGAN DIRECTLY, AND IN PARTNERSHIP WITH COMMUNITIES, EMPLOYERS, SCHOOLS, AND GOVERNMENT OFFICIALS, WE GUIDE INDIVIDUALS AND FAMILIES IN THEIR LIFELONG JOURNEY TOWARD OPTIMAL HEALTH WE ARE COMMITTED TO PROVIDING SAFE, RELIABLE, COST- EFFECTIVE TOTAL HEALTH SOLUTIONS WITH RESPECT AND COMPASSION OUR INNOVATIVE WORK WILL IMPACT HEALTHCARE DELIVERY IN OUR REGION AS WELL AS THROUGHOUT THE WORLD

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

**Schedule H (Form 990) 2010**

## Additional Data

**Software ID:**  
**Software Version:**

**EIN:** 39-1657627  
**Name:** BELLIN PSYCHIATRIC CENTER

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

<b>Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility</b> (list in order of size, measured by total revenue per facility, from largest to smallest)	
Name and address	Type of Facility (Describe)
BELLIN BEHAVIORAL HEALTH CLINIC WEST DE 1800 LAWRENCE DR DE PERE, WI 54115	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC MANITOWO 3415 CUSTER ST SUITE D MANITOWOC, WI 54221	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC PESHTIGO 441 FRENCH ST PESHTIGO, WI 54157	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC OCONTO F 833 S MAIN ST OCONTO FALLS, WI 54154	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC OCONTO 820 ARBUTUS AVE OCONTO, WI 54153	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC ONCOLOGY 1580 COMMANCE AVE ASHWAUBENON, WI 54313	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC KEWAUNEE 575-4TH ST KEWAUNEE, WI 54126	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC BRAIN SP 744 S WEBSTER AVE GREEN BAY, WI 54301	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC ASHWAU 1630 COMMANCE AVE GREEN BAY, WI 54313	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC 301 E ST JOSEPH ST GREEN BAY, WI 54305	CLINIC
BELLIN BEHAVIORAL HEALTH CLINIC BELLEVUE 3263 EATON RD GREEN BAY, WI 54311	CLINIC

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2010**Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
**► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.**  
**► Attach to Form 990. ► See separate instructions.**

**Open to Public Inspection****Name of the organization**  
BELLIN PSYCHIATRIC CENTER**Employer identification number**

39-1657627

**Part I Questions Regarding Compensation**

**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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**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?

**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

<input checked="" type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

**a** Receive a severance payment or change-of-control payment from the organization or a related organization?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**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

**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

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>		No
<b>4b</b>		No
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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) ANTHONY MARCHLEWSKI MD	(i) 235,886 (ii) 0	29,713 0	270 0	9,356 0	19,463 0	294,688 0	0 0
(2) JASON WURTH MD	(i) 0 (ii) 142,390	0 96,299	0 180	0 9,431	0 14,378	0 262,678	0 0
(3) CHRISTINE WOELSKE	(i) 0 (ii) 221,394	0 0	0 2,498	0 9,346	0 15,962	0 249,200	0 0
(4) IZABELA DITCHEN-SIMS MD	(i) 0 (ii) 129,880	0 116,687	0 162	0 9,042	0 14,344	0 270,115	0 0
(5) PAUL BURNETT MD	(i) 198,341 (ii) 0	119,942 0	180 0	8,196 0	18,463 0	345,122 0	0 0
(6) JOHN CHARLES MD	(i) 183,888 (ii) 0	233,611 0	180 0	9,762 0	14,463 0	441,904 0	0 0
(7) ASHRAF AHMED MD	(i) 189,874 (ii) 0	763,729 0	180 0	11,741 0	22,463 0	987,987 0	0 0
(8) CARLOS CASTILLO MD	(i) 191,222 (ii) 0	252,029 0	774 0	8,238 0	11,351 0	463,614 0	0 0
(9) DENISE BRACHMANN MD	(i) 182,325 (ii) 0	86,239 0	414 0	8,375 0	14,463 0	291,816 0	0 0
(10) KIM LASECKI PSYD	(i) 146,525 (ii) 0	64,632 0	180 0	10,189 0	14,403 0	235,929 0	0 0
(11) LINDA ROETHLE	(i) 123,611 (ii) 16,123	0 0	5,374 414	8,008 484	914 146	137,907 17,167	0 0
(12)							
(13)							
(14)							
(15)							
(16)							

**Part III Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 7	A COMPONENT OF COMPENSATION OF KEY LEADERSHIP WITHIN THE ORGANIZATION INCLUDES "AT RISK" PAYMENTS THE EXECUTIVE COMMITTEE OF THE BOARD APPROVES ANY "AT RISK" PAYMENTS TO KEY LEADERSHIP THE CRITERIA FOR THE PAYMENTS ARE BASED ON STRATEGIC OBJECTIVES OF THE ORGANIZATION

**Schedule K  
(Form 990)****2010****Open to Public  
Inspection**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.

Name of the organization  
BELLIN PSYCHIATRIC CENTER

Employer identification number  
39-1657627

**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
<b>A</b>	REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY WISCONSIN	39-1970265	39268PAX7	12-09-2008	2,398,748	REFINANCING OF 2006 BOND ISSUE		X		X		X

**Part II Proceeds**

							A	B	C	D	
							54,170				
<b>1</b>	Amount of bonds retired										
<b>2</b>	Amount of bonds legally defeased										
<b>3</b>	Total proceeds of issue					2,444,768					
<b>4</b>	Gross proceeds in reserve funds										
<b>5</b>	Capitalized interest from proceeds										
<b>6</b>	Proceeds in refunding escrow					1,887,047					
<b>7</b>	Issuance costs from proceeds					47,975					
<b>8</b>	Credit enhancement from proceeds										
<b>9</b>	Working capital expenditures from proceeds										
<b>10</b>	Capital expenditures from proceeds					463,726					
<b>11</b>	Other spent proceeds										
<b>12</b>	Other unspent proceeds										
<b>13</b>	Year of substantial completion				2009						
<b>14</b>	Were the bonds issued as part of a current refunding issue?				X						
<b>15</b>	Were the bonds issued as part of an advance refunding issue?					X					
<b>16</b>	Has the final allocation of proceeds been made?				X						
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?				X						

**Part III Private Business Use**

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
		X						
<b>3a</b> Are there any management or service contracts that may result in private business use?		X						
<b>b</b> Are there any research agreements that may result in private business use of bond-financed property?		X						
<b>c</b> 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?	X							
<b>4</b> 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 ►	0 930 %							
<b>5</b> 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 ►								
<b>6</b> Total of lines 4 and 5	0 930 %							
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
		X						
<b>1</b> 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						
<b>2</b> Is the bond issue a variable rate issue?		X						
<b>3a</b> Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
<b>b</b> Name of provider								
<b>c</b> Term of hedge								
<b>d</b> Was the hedge superintegrated?								
<b>e</b> Was a hedge terminated?								
<b>4a</b> Were gross proceeds invested in a GIC?		X						
<b>b</b> Name of provider								
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>5</b> Were any gross proceeds invested beyond an available temporary period?		X						
<b>6</b> Did the bond issue qualify for an exception to rebate?		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 SUPPLEMENTAL INFORMATION		THE BOND ISSUANCE IS COMPOSED OF THE FOLLOWING SERIES OF BONDS 39268PAT6 39268PAU3 39268PAV1 39268PAX7 39268PAW9

**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.

**2010****Open to Public  
Inspection****Name of the organization**  
BELLIN PSYCHIATRIC CENTER**Employer identification number**

39-1657627

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE ORGANIZATION HAS ONE CORPORATE MEMBER, BELLIN HEALTH SYSTEMS, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE CORPORATE MEMBER, BELLIN HEALTH SYSTEMS, INC HAS THE POWER TO APPOINT BOARD MEMBERS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE CORPORATE MEMBER, BELLIN HEALTH SYSTEMS, INC , HAS THE POWER TO APPROVE MAJOR EXPENDITURES AND LONG-TERM BORROWINGS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 IS REVIEWED IN DETAIL BY SENIOR ADMINISTRATION AND IS PROVIDED TO THE BOARD OF DIRECTORS PRIOR TO FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH YEAR A CONFLICT OF INTEREST REQUEST DOCUMENT IS PROVIDED TO EACH BOARD MEMBER ALL DOCUMENTS ARE PROVIDED BACK TO ADMINISTRATION AND REVIEWED ALL EMPLOYEES ARE REQUIRED TO REVIEW THE CONFLICT OF INTEREST POLICY AS PART OF ANNUAL MANDATORY EDUCATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION FOR THE CEO AND KEY EXECUTIVES ARE SET BY THE EXECUTIVE COMMITTEE OF THE BOARD SUPPORTED BY MARKET DATA FROM SURVEYS AND AN INDEPENDENT CONSULTANTS REPORT THE COMPENSATION IS DETERMINED BY MEMBERS OF THE EXECUTIVE COMMITTEE WITHOUT CONFLICT AND IS DOCUMENTED CEO COMPENSATION CEO PRESENTS RESULTS OF PERFORMANCE OBJECTIVES TO THE EXECUTIVE COMMITTEE IN JANUARY OF EACH YEAR THE CHAIR APPLIES A FORMULA TO THE RESULTS AND COMES UP WITH A RECOMMENDATION THE CHAIR FACILITATES GETTING APPROVAL FROM OTHER MEMBERS OF THE EXECUTIVE COMMITTEE SENIOR LEADERS COMPENSATION FOR THOSE WHO REPORT TO THE CEO IS TAKEN TO THE EXECUTIVE COMMITTEE FOR DISCUSSION/APPROVAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION BELIEVES THE FINANCIAL STATEMENTS, GOVERNING DOCUMENTS, AND POLICIES ARE THE PROPERTY OF THE ORGANIZATION AND ARE NOT AVAILABLE FOR PUBLIC INSPECTION

Identifier	Return Reference	Explanation
HOURS WORKED FOR RELATED ORGANIZATIONS	FORM 990, PART VII	CHRISTINE WOLESKE WORKED AN AVERAGE OF 40 HOURS PER WEEK FOR A RELATED ORGANIZATION JASON WURTH, MD WORKED AN AVERAGE OF 40 HOURS PER WEEK FOR A RELATED ORGANIZATION LINDA ROETHLE WORKED AN AVERAGE OF 4 HOURS PER WEEK FOR A RELATED ORGANIZATION SHARLA BAENEN WORKED AN AVERAGE OF 29 HOURS PER WEEK FOR A RELATED ORGANIZATION IZABELA DITCHEN-SIMS, MD WORKED AN AVERAGE OF 40 HOURS PER WEEK FOR 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 -170,554

Identifier	Return Reference	Explanation
	FORM 990, PART XII 2C	BELLIN PSYCHIATRIC CENTER IS INCLUDED IN THE CONSOLIDATED AUDIT OF BELLIN HEALTH SYSTEMS, INC THE BELLIN HEALTH SYSTEMS, INC BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDEPENDENT AUDITOR

# **SCHEDULE R**

**(Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

## Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
BELLIN PSYCHIATRIC CENTER

**Employer identification number**

39-1657627

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) LAKE MICHIGAN HEALTH SERVICES INC  744 SOUTH WEBSTER AVE  GREEN BAY, WI 54305 39-1512903	SUPPORT PURPOSES OF BELLIN MEMORIAL HOSPITAL	WI	501(C)(3)	LINE 11B, II	BELLIN HEALTH SYSTEMS INC		No
(2) BELLIN COLLEGE INC  3201 EATON ROAD  GREEN BAY, WI 54311 39-1620530	NURSING AND RADIOLOGIC SCIENCE COLLEGE	WI	501(C)(3)	LINE 2	BELLIN HEALTH SYSTEMS INC		No
(3) THE BELLIN HEALTH FOUNDATION INC  PO BOX 23400  GREEN BAY, WI 54305 39-1809171	FOUNDATION	WI	501(C)(3)	LINE 7	BELLIN HEALTH SYSTEMS INC		No
(4) BELLIN MEMORIAL HOSPITAL INC  PO BOX 23400  GREEN BAY, WI 54305 39-0884478	ACUTE CARE HOSPITAL	WI	501(C)(3)	LINE 3	BELLIN HEALTH SYSTEMS INC		No
(5) OCONTO HOSPITAL & MEDICAL CENTER INC  PO BOX 357  OCONTO, WI 54153 06-1745397	HOSPITAL	WI	501(C)(3)	LINE 3	BELLIN MEMORIAL HOSPITAL INC		No
(6) BELLIN HEALTH SYSTEMS INC  744 SOUTH WEBSTER AVE  GREEN BAY, WI 54305 39-1512904	SUPPORT OF HEALTHCARE ORGANIZATIONS	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.)

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) BEL-REGIONAL HOME MEDICAL INC 617 S ROOSEVELT GREEN BAY, WI54301 39-1504766	DURABLE MEDICAL EQUIPMENT, RETAIL PHARMACY, FITNESS	WI	LAKE MICHIGAN HEALTH SERVICES INC	C	-1,591,347	4,538,095	100 000 %
(2) BELLIN INVESTMENTS INC PO BOX 23400 GREEN BAY, WI54305 39-1564939	OTHER	WI	LAKE MICHIGAN HEALTH SERVICES INC	C	-2,185	8,692	100 000 %
(3) UNITED PROVIDERS INC PO BOX 23400 GREEN BAY, WI54305 39-1907541	OTHER	WI	BELLIN INVESTMENTS INC	C	-50	4,066	100 000 %

**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	Yes	
1l		No
1m		No
1n		No
1o	Yes	
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)				

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

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

**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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**Software ID:**  
**Software Version:**  
**EIN:** 39-1657627  
**Name:** BELLIN PSYCHIATRIC CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
LAKE MICHIGAN HEALTH SERVICES INC  744 SOUTH WEBSTER AVE GREEN BAY, WI54305 39-1512903	SUPPORT PURPOSES OF BELLIN MEMORIAL HOSPITAL	WI	501(C)(3)	LINE 11B, II	BELLIN HEALTH SYSTEMS INC		No
BELLIN COLLEGE INC  3201 EATON ROAD GREEN BAY, WI54311 39-1620530	NURSING AND RADIOLOGIC SCIENCE COLLEGE	WI	501(C)(3)	LINE 2	BELLIN HEALTH SYSTEMS INC		No
THE BELLIN HEALTH FOUNDATION INC  PO BOX 23400 GREEN BAY, WI54305 39-1809171	FOUNDATION	WI	501(C)(3)	LINE 7	BELLIN HEALTH SYSTEMS INC		No
BELLIN MEMORIAL HOSPITAL INC  PO BOX 23400 GREEN BAY, WI54305 39-0884478	ACUTE CARE HOSPITAL	WI	501(C)(3)	LINE 3	BELLIN HEALTH SYSTEMS INC		No
OCONTO HOSPITAL & MEDICAL CENTER INC  PO BOX 357 OCONTO, WI54153 06-1745397	HOSPITAL	WI	501(C)(3)	LINE 3	BELLIN MEMORIAL HOSPITAL INC		No
BELLIN HEALTH SYSTEMS INC  744 SOUTH WEBSTER AVE GREEN BAY, WI54305 39-1512904	SUPPORT OF HEALTHCARE ORGANIZATIONS	WI	501(C)(3)	LINE 11B, II	N/A		No

**Bellin Health Systems, Inc. and Affiliates**

Green Bay, Wisconsin

**Consolidated Financial Statements**

**and Consolidating Information**

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

# Bellin Health Systems, Inc. and Affiliates

Consolidated Financial Statements and Consolidating Information  
Years Ended September 30, 2011 and 2010

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## Independent Auditor's Report

Board of Directors  
Bellin Health Systems, Inc  
Green Bay, Wisconsin

We have audited the accompanying consolidated balance sheets of Bellin Health Systems, Inc and Affiliates ("Bellin Health Systems") as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of Bellin Health Systems' 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bellin Health Systems, Inc and Affiliates as of September 30, 2011 and 2010, 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

December 19, 2011  
Green Bay, Wisconsin

# Bellin Health Systems, Inc. and Affiliates

## Consolidated Balance Sheets

September 30, 2011 and 2010

Assets	In Thousands	
	2011	2010
Current assets		
Cash and cash equivalents	\$ 53,169	\$ 66,864
Current portion of assets limited as to use	5,867	5,999
Accounts receivable - Net	50,169	39,557
Other receivables	891	835
Due from related parties	62	936
Inventories	6,041	5,636
Prepaid expenses and other	5,348	3,919
Total current assets	121,547	123,746
Investments	4,531	3,238
Assets limited as to use - Less current portion	103,138	87,671
Property and equipment - Net	164,101	141,042
Other assets		
Unamortized debt issue costs	1,587	1,627
Notes receivable	985	2,596
Investments in unconsolidated affiliates	7,296	8,209
Intangible assets	2,132	0
Other	577	241
Total other assets	12,577	12,673
<b>TOTAL ASSETS</b>	<b>\$ 405,894</b>	<b>\$ 368,370</b>

<i>Liabilities and Net Assets</i>	<i>In Thousands</i>	
	2011	2010
<b>Current liabilities</b>		
Current portion of long-term liabilities		
Bonds payable	\$ 3,822	\$ 3,755
Capital lease obligations	752	6,614
Deferred compensation	88	88
Deferred revenue	581	941
Accounts payable	9,900	8,044
Accrued liabilities and other		
Employee payroll and benefits	16,820	19,380
Other	7,219	5,682
Amounts payable to third-party reimbursement programs	1,202	729
<b>Total current liabilities</b>	<b>40,384</b>	<b>45,233</b>
Long-term liabilities - Less current portion		
Bonds payable	97,686	88,782
Capital lease obligations	4,101	1,122
Interest rate swap agreement	10,223	8,386
Deferred compensation	1,017	1,037
Deferred revenue	875	1,099
<b>Total long-term liabilities</b>	<b>113,902</b>	<b>100,426</b>
<b>Total liabilities</b>	<b>154,286</b>	<b>145,659</b>
<b>Net assets</b>		
Bellin Health Systems, Inc net assets		
Unrestricted	235,043	206,108
Temporarily restricted	4,236	5,769
Permanently restricted	10,817	10,573
<b>Total net assets of Bellin Health Systems, Inc</b>	<b>250,096</b>	<b>222,450</b>
Noncontrolling interest	1,512	261
<b>Total net assets</b>	<b>251,608</b>	<b>222,711</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 405,894</b>	<b>\$ 368,370</b>

# Bellin Health Systems, Inc. and Affiliates

## Consolidated Statements of Operations and Changes in Net Assets Years Ended September 30, 2011 and 2010

	In Thousands	
	2011	2010
<b>Revenue</b>		
Net patient service revenue	\$ 374,642	\$ 334,483
Other operating revenue	14,613	13,732
<b>Total revenue</b>	<b>389,255</b>	<b>348,215</b>
<b>Expenses</b>		
Salaries and wages	162,101	138,391
Benefits	36,058	32,832
Contract services	19,607	16,113
Medical supplies	58,943	55,824
Supplies and other	28,847	25,439
Administrative	7,401	6,147
Repairs and maintenance	5,442	4,715
Leases and rents	11,028	10,144
Provision for bad debts	8,947	11,199
Depreciation and amortization	18,966	17,302
Interest	6,388	6,461
<b>Total expenses</b>	<b>363,728</b>	<b>324,567</b>
Income from operations	25,527	23,648
<b>Other income (loss)</b>		
Investment income	3,659	6,344
Contributions and other	(1,155)	(831)
Revenue recognized on acquisition of Oconto Hospital	1,135	0
Change in interest rate swap valuation	(1,837)	(2,697)
Credit for income taxes	279	15
<b>Excess of revenue over expenses</b>	<b>27,608</b>	<b>26,479</b>
<b>(Excess) deficiency of revenue over expenses attributable to noncontrolling interest</b>	<b>(1,722)</b>	<b>301</b>
<b>Excess of revenue over expenses attributable to Bellin Health Systems, Inc</b>	<b>25,886</b>	<b>26,780</b>

# Bellin Health Systems, Inc. and Affiliates

## Consolidated Statements of Operations and Changes in Net Assets (Continued) Years Ended September 30, 2011 and 2010

	In Thousands	
	2011	2010
Excess of revenue over expenses attributable to Bellin Health Systems, Inc (carried forward)	\$ 25,886	\$ 26,780
Other changes in unrestricted net assets		
Net assets released from restrictions	3,049	6,211
Increase in unrestricted net assets	28,935	32,991
Temporarily restricted net assets		
Investment income	584	42
Contributions	932	3,110
Net assets released from restrictions	(3,049)	(6,211)
Decrease in temporarily restricted net assets	(1,533)	(3,059)
Permanently restricted net assets		
Contributions	344	656
Transfer of net assets	(100)	0
Increase in permanently restricted net assets	244	656
Increase in net assets	27,646	30,588
Net assets of Bellin Health Systems, Inc at beginning	222,450	191,862
Net assets of Bellin Health Systems, Inc at end	\$ 250,096	\$ 222,450

# Bellin Health Systems, Inc. and Affiliates

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

	In Thousands	
	2011	2010
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	\$ 27,646	\$ 30,588
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	18,966	17,302
Provision for bad debts	8,947	11,199
Decrease in unamortized discount on unconditional promises to give and allowance for uncollectible promises to give	(218)	(586)
Net realized and unrealized gains on investments	(1,884)	(3,678)
Interest and dividend income restricted for long-term investment	0	(81)
Contributions restricted for long-term investment	(204)	(741)
Loss on disposal of property and equipment	403	252
Change in interest rate swap valuation	1,837	2,697
Deferred compensation	70	0
Change in noncontrolling interest	1,251	176
Increase in fair market value of Oconto Hospital assets	(1,513)	0
Decrease in equity of unconsolidated affiliates	1,152	1,163
Changes in operating assets and liabilities		
Accounts receivable	(21,331)	(13,292)
Unconditional promises to give	1,912	(509)
Other receivables	295	(666)
Due from affiliates	(242)	(277)
Inventories	(385)	(497)
Prepaid expenses and other	(1,429)	(579)
Accounts payable	1,092	380
Accrued liabilities and other	(2,167)	2,967
Amounts payable to third-party reimbursement programs	326	(1)
Deferred revenue	(584)	(17)
Total adjustments	6,294	15,212
Net cash provided by operating activities	33,940	45,800

# Bellin Health Systems, Inc. and Affiliates

## Consolidated Statements of Cash Flows (Continued)

Years Ended September 30, 2011 and 2010

	In Thousands	
	2011	2010
<b>Cash flows from investing activities</b>		
Purchase of investments and assets limited as to use	\$ (87,132)	\$ (60,791)
Proceeds from sale of investments and assets limited as to use	70,688	67,697
Purchase of investments in consolidated affiliates	(1,140)	(776)
Purchase of Cardiology Associates acquisition	(3,351)	0
Cash received from the acquisition of Oconto Hospital	448	0
Purchase of property and equipment	(29,571)	(25,511)
Issuance of notes receivable	0	(426)
Proceeds from sale of property and equipment	343	89
Proceeds from payment of notes receivable	165	159
Net (increase) decrease in other long-term assets	(336)	118
 Net cash used in investing activities	 (49,886)	 (19,441)
 <b>Cash flows from financing activities</b>		
Principal payments on bonds payable	(5,101)	(3,865)
Principal payments on capital lease obligations	(6,661)	(1,977)
Proceeds from issuance of bonds payable	14,000	1,416
Bond issuance costs and related adjustments	(101)	0
Deferred compensation payments	(90)	(86)
Interest and dividend income restricted for long-term investment	0	81
Contributions restricted for long-term investment	204	741
 Net cash provided by (used in) financing activities	 2,251	 (3,690)
 Net increase (decrease) in cash and cash equivalents	 (13,695)	 22,669
Cash and cash equivalents at beginning	66,864	44,195
 Cash and cash equivalents at end	 \$ 53,169	 \$ 66,864
 <b>Supplemental cash flow information</b>		
 Cash paid (refunded) for income taxes - Net	 \$ 280	 \$ (18)
 Cash paid for interest - Net of amount capitalized	 \$ 6,438	 \$ 5,342

# Bellin Health Systems, Inc. and Affiliates

## Consolidated Statements of Cash Flows (Continued)

Years Ended September 30, 2011 and 2010

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### Noncash investing and financing activities

Accounts payable related to fixed asset purchases totaled approximately \$1,355,000 and \$592,000 as of September 30, 2011 and 2010, respectively

Equipment acquired under capital lease obligations totaled approximately \$3,778,000 and \$1,714,000 as of September 30, 2011 and 2010, respectively

Fair value of assets acquired, excluding cash, and liabilities assumed in conjunction with acquisition of a controlling interest in Oconto Hospital (Note 2) totaled \$6,860,000 and \$5,506,000 as of September 30, 2011 and 2010, respectively

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1      Summary of Significant Accounting Policies

#### Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and operating activities of Bellin Health Systems, Inc ("Bellin Health") and the following entities controlled by Bellin Health Systems, Inc (collectively "Bellin Health Systems")

- Bellin Memorial Hospital, Inc ("Bellin Hospital") - The financial statements of Bellin Hospital include
  - Bellin Orthopedic Surgery Center, LLC (the "Surgery Center"), a limited liability corporation providing ambulatory orthopedic surgery services Bellin Hospital owns 55% of the Surgery Center The noncontrolling interest in the equity and earnings of the Surgery Center is presented separately in the accompanying consolidated financial statements
  - Oconto Hospital & Medical Center, Inc ("Oconto Hospital") operates a four-bed inpatient unit and an emergency department and provides other ancillary services
- Bellin Psychiatric Center, Inc (the "Psychiatric Center")
- The Bellin Health Foundation, Inc (the "Foundation")
- Bellin College, Inc (the "College")
- Lake Michigan Health Care Services, Inc ("Lake Michigan") and Subsidiaries
  - Bellin Investments, Inc ("Bellin Investments") and subsidiary, United Providers, Inc (UPI)
  - Bel-Regional Home Medical ("Bel-Regional")

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

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### The Entities

Bellin Health, a nonstock, not-for-profit corporation, as sole member of the consolidated entities, has the right to appoint Boards of Directors, approve major expenditures, and approve long-term borrowings. Bellin Health serves as the parent corporation for the affiliated entities and supports the operations of its affiliates and subsidiaries. Bellin Hospital, the Psychiatric Center, the Foundation, the College, and Lake Michigan are also Wisconsin nonstock, not-for-profit corporations.

Bellin Hospital provides comprehensive inpatient and outpatient medical and surgical services, as well as clinical reference laboratory services and home health services to residents of Green Bay and surrounding communities. Medical services are also provided by physicians and other service providers in Bellin Medical Group, a division of Bellin Hospital.

The Psychiatric Center provides inpatient, outpatient, and clinical services relating to psychiatric and alcohol and other drug abuse diagnoses to residents of Green Bay and surrounding communities. Medical services are also provided by physicians and other service providers.

The Foundation receives gifts and bequests, raises funds for specific projects or needs, administers and invests funds, and disburses payments to and for the benefit of tax-exempt organizations at the discretion of its Board of Directors.

The College is a four-year teaching institution for students pursuing a bachelor of science or master's degree in nursing or a bachelor of science degree in radiologic technology. The College's fiscal year-end is June 30, accordingly, the financial information related to the College included in the accompanying consolidated financial statements is as of and for the years ended June 30, 2011 and 2010. The 2011 and 2010 balance amounts have been adjusted for any significant intervening transactions occurring subsequent to June 30, 2011 and 2010, through consolidating entries.

Lake Michigan is nonoperating company. It holds the stock of two for-profit subsidiaries, Bellin Investments, Inc. and Bel-Regional. Bellin Investments, Inc. has no operations or material assets for the fiscal years ended September 30, 2011 and 2010, but its existence is being maintained for future potential opportunities. Bel-Regional sells and rents durable medical equipment and operates retail pharmacy sites and health and fitness centers.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Financial Statement Presentation

Bellin Health follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is a 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 also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

#### Cash Equivalents

Highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, excluding amounts held as short-term investments and amounts limited as to use or restricted.

#### Accounts Receivable and Credit Policy

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. Bellin Health Systems bills third-party payors on the patients' behalf, or if uninsured, patients are 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 accounts receivable are applied to the specific claim identified on the remittance advice or statement. There is no policy to charge interest on past due accounts.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Accounts Receivable and Credit Policy (Continued)

The carrying amounts of 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 accounts receivable. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts for which patients are personally responsible, 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 accounts receivable.

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

#### Inventories

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

#### Investments and Investment Income (Loss)

Investments, other than investments in unconsolidated affiliates, are measured at fair value in the accompanying consolidated balance sheets. Bellin Health Systems has designated its investments as trading securities.

Investment income on trust funds established from tax-exempt borrowings, to the extent not capitalized, is reported as other operating revenue in the accompanying consolidated statements of operations and changes in net assets. Interest and dividend income and realized and unrealized gains (losses) on other investments are reported in the accompanying consolidated statements of operations and changes in net assets as other income (loss) or as changes in temporarily or permanently restricted net assets if the terms of gifts impose restrictions on the use of the income.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Assets Limited as to Use

Assets limited as to use include designated assets set aside by the Boards of Directors for future plant replacement and expansion, deferred compensation, and assets held by trustees under various bond indenture agreements

Assets limited as to use also include unconditional promises to give and investments set aside to fund restricted contributions. These assets are to be used primarily to purchase property and equipment and to fund operational expenses

Assets limited as to use that are required for obligations classified as current liabilities and unconditional promises to give due in one year are reported as current assets

#### Fair Value Measurements

Bellin Health Systems measures fair value of its financial instruments, including interest rate swap agreements, using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 Bellin Health Systems 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

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Fair Value Measurements (Continued)

**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.

#### Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to Bellin Health Systems that is, in substance, unconditional. Bellin Health Systems reports contributions as restricted support in temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Promises to give funds for property and equipment are released from restrictions when the funds are received and the property and/or equipment is purchased or built.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Contributions and Promises to Give (Continued)

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions whose restrictions have been met in the same reporting period as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Endowment contributions and investments are permanently restricted by donors. Investment earnings available for distribution are reported as temporarily restricted investment income until appropriated for expenditure.

#### Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost if purchased, fair value at date received if contributed, or net book value if transferred from a related party.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included with depreciation expense in the accompanying consolidated financial statements. Estimated useful lives range from 2 to 40 years for land improvements, buildings, and fixed equipment and 2 to 20 years for major movable equipment.

Bellin Health Systems capitalizes interest on the financing of major capital additions in accordance with GAAP, which includes projects financed with tax-exempt borrowings.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses 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 in temporarily or permanently restricted net assets. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Intangible Assets

Intangible assets represent the amount paid for tradenames and other intangible assets acquired during business acquisitions. Intangible assets with definite lives are amortized on a straight-line basis over 6 to 15 years. Amortization expense of \$518,000 and \$0 for the years ended September 30, 2011 and 2010, respectively, is included in depreciation and amortization expense on the accompanying consolidated statements of operations and changes in net assets.

#### Impairment of Long-Lived Assets

Bellin Health Systems periodically evaluates the recoverability of its long-lived assets, which consist primarily of property and equipment and intangible assets with finite useful lives, whenever events or changes in circumstance indicate that the carrying value may not be recoverable. If the recoverability of these assets is unlikely because of the existence of factors indicating impairment, an impairment analysis is performed using a projected undiscounted cash flow method. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these respective assets. If the carrying amounts of the assets exceed their respective fair values, the carrying value of the underlying assets would be adjusted to fair value and an impairment loss would be recognized. No impairment loss was recognized in 2011 and 2010.

#### Unamortized Debt Issue Costs

Bond issuance costs related to the issuance of long-term debt are amortized over the life of the related debt using the straight-line method. Amortization expense of \$217,000 and \$221,000 for the years ended September 30, 2011 and 2010, respectively, is included in depreciation and amortization expense on the accompanying consolidated statements of operations and changes in net assets.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Original Issue Discounts and Premiums

Original issue discounts and premiums on long-term debt are deferred and amortized over the life of the related bonds. Amortization of the discount and premium is reflected as a component of interest expense.

#### Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates, included in other assets, are accounted for using the equity or cost method, whichever is applicable.

#### Interest Rate Swap Agreement

A derivative instrument is used to manage risk related to interest rate movements. The interest rate risk management strategy is to stabilize cash flow requirements by maintaining the interest rate swap to convert a portion of variable rate debt to a fixed rate. Bellin Health Systems has adopted the fair value option of accounting for its interest rate swap agreement. The interest rate swap agreement is reported at fair value in the accompanying consolidated balance sheets. Under the fair value option, changes in fair value are recorded as other income (loss) in the accompanying consolidated statements of operations and changes in net assets.

#### Deferred Revenue

Funds received but not earned as of the date of the consolidated balance sheets have been classified as deferred revenue. Revenue will be recognized in future periods as the revenue is earned.

#### Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of Bellin Health Systems and include those expendable resources that have been designated for special use by the Boards 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 have been restricted by donors to be maintained in perpetuity.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Excess of Revenue Over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets, which are excluded from the operating indicator, include 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 restriction were to be used for purposes of acquiring such assets.

#### Net Patient Service Revenue

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

#### Hospital Assessment

Wisconsin's state legislature enacted legislation under which certain eligible hospitals, including Bellin Hospital, are required to pay the state an annual assessment. During 2011, a law was passed in Wisconsin under which eligible critical access hospitals (CAHs), including Oconto Hospital, are required to pay the state an annual assessment. The assessment period is the state's fiscal year, which runs from July 1 through June 30. The assessments are based on each hospital's gross revenue, as defined. The revenue generated from the assessments is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program.

Under the new CAH payment system, the Wisconsin Medical Assistance program will pay a hospital-specific amount per discharge for inpatient and outpatient services, based upon prior hospital cost reports plus an additional access payment. In exchange for receiving these access payments, the state of Wisconsin is eliminating retroactive cost report settlements to CAHs effective July 1, 2010.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Hospital Assessment (Continued)

Bellin Health Systems' assessment was approximately \$6,442,000 and \$5,479,000 for the years ended September 30, 2011 and 2010, respectively, and is included in supplies and other expenses in the accompanying consolidated statements of operations and changes in net assets. Management estimates the increase in reimbursement from Medicaid to be approximately \$9,676,000 and \$7,490,000 for the years ended September 30, 2011 and 2010, respectively, which is included in net patient service revenue in the accompanying consolidated statements of operations and changes in net assets.

#### Community Care

Bellin Health Systems provides care to patients who meet certain criteria under its community care policy without charge or at amounts less than its established rates. Because collection is not pursued on amounts determined to qualify as community care, they are not reported as net patient service revenue.

#### Advertising Costs

Advertising costs are expensed as incurred and were approximately \$4,773,000 and \$3,816,000 for the years ended September 30, 2011 and 2010, respectively.

#### Unemployment Compensation

Bellin Health and its nonprofit affiliates have elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Irrevocable letters of credit are maintained in the amount of approximately \$1,300,000 to the Treasurer of the state of Wisconsin. The letters of credit are to be used to meet unemployment compensation claims if Bellin Health and its nonprofit affiliates fail to fund the claims. The letters of credit expire on December 31, 2014. Unemployment compensation expense is charged to operating expense when paid or when the amount of claims can be estimated.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Income Taxes

Bellin Health, Bellin Hospital, the Psychiatric Center, Oconto Hospital, the Foundation, the College, and Lake Michigan are not-for-profit 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. These entities are also exempt from state income taxes on related income.

Bellin Investments and Bel-Regional are for-profit entities. The accompanying consolidated statements of operations and changes in net assets include a credit for income taxes for these entities. Deferred tax assets and liabilities related to these entities are not significant.

In order to account for uncertain tax positions, Bellin Health Systems 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.

Bellin Health Systems is also engaged, to a limited extent, in activities that the Internal Revenue Service (IRS) considers unrelated to its exempt purpose and, therefore, taxable. These activities, however, annually result in net operating losses for income tax purposes. Bellin Health Systems 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 tax basis of reporting Bellin Health Systems' assets and liabilities.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Income Taxes (Continued)

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

Bellin Health Systems recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits in 2011 or 2010. Federal and state income tax returns for tax years 2007 and beyond remain subject to examination by the applicable taxing authorities.

#### New Accounting Pronouncements

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures Investments in Certain Entities That Calculate Net Asset Value Per Share (or its Equivalent)*, which amended ASC Topic 820, *Fair Value Measurements and Disclosures*. ASU 2009-12 expands the required disclosures for certain investments with a reported net asset value (NAV). ASU 2009-12 permits, as a practical expedient, an entity to record its investment in entities that calculate NAV per share as the basis for that investment without adjustment. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. Bellin Health Systems has adopted the guidance in ASU 2009-12 as of September 30, 2011. The adoption did not have a material impact on the fair value determination and disclosure of applicable investments. The effect of the adoption had no impact on the accompanying consolidated balance sheets, statements of operations and changes in net assets, and cash flows.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### New Accounting Pronouncements (Continued)

In July 2011, the FASB issued ASU 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 and changes in net assets 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 Bellin Health Systems' year ending September 30, 2013, with early adoption permitted.

#### Subsequent Events

Subsequent events have been evaluated through December 19, 2011, which is the date the consolidated financial statements were issued. See Note 26 for a description of specific subsequent events.

### Note 2      Acquisitions

Bellin Hospital and Oconto Memorial Hospital Citizen's Foundation, Inc ("Oconto Foundation") jointly developed a nonstock, nonprofit corporation to operate a CAH in Oconto, Wisconsin. Prior to June 30, 2011, Bellin Hospital had a 50% membership interest in Oconto Hospital and recorded its investment under the equity method. During 2011, Oconto Hospital's Board of Directors approved a project to expand Oconto Hospital. In order to obtain financing for the project, Bellin Hospital agreed to guarantee Oconto Hospital's new debt. As consideration for this guarantee, effective July 1, 2011, Bellin Hospital acquired an additional 25% membership interest in Oconto Hospital. No cash consideration was paid by Bellin Hospital related to this acquisition.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 2 Acquisitions (Continued)

As Bellin Hospital gained a controlling interest in Oconto Hospital, this transaction was accounted for using the acquisition method of accounting and, accordingly, the accompanying consolidated statements of operations and changes in net assets include the amounts for Oconto Hospital from the date control was obtained.

Under the acquisition method of accounting, the assets acquired, liabilities assumed, and noncontrolling interest were measured at fair value based on an independent appraisal. As the fair value of the assets acquired exceeded the fair value of the liabilities assumed and the noncontrolling interest, the transaction resulted in an inherent contribution of \$1,513,000. In addition, the equity interest held by Bellin Hospital had a carrying value of \$900,000 and a fair value of \$1,657,000 at the time of acquisition. Bellin Hospital's equity investment was also remeasured at fair value as of the acquisition date, resulting in a gain of \$757,000.

The following table summarizes the estimated fair value of Oconto Hospital's assets acquired and liabilities assumed as of July 1, 2011 (in thousands).

Assets acquired	
Cash and cash equivalents	\$ 448
Accounts receivable - Net	1,202
Other assets	1
Property and equipment - Net	7,170
<hr/>	
Total assets acquired	8,821
<hr/>	
Liabilities assumed	
Accounts payable and other accruals	1,431
Notes payable	4,075
<hr/>	
Total liabilities assumed	5,506
<hr/>	
Net assets	3,315
Less - Net assets attributable to noncontrolling interest	829
<hr/>	
Net assets attributable to Bellin Health Systems, Inc	\$ 2,486

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 2 Acquisitions (Continued)

#### Cardiology Associates Acquisition

Bellin Health Systems and Cardiology Associates of Green Bay, Ltd ("Cardiology Associates") share a mission and commitment to meeting the health care needs of the communities they serve. Bellin Health Systems and Cardiology Associates desire to build on their similar missions and strengthen the cardiology services provided to patients of Bellin Health Systems. On October 1, 2010, Bellin Hospital purchased Cardiology Associates for \$3,351,000. This transaction was accounted for using the acquisition method of accounting and, accordingly, the accompanying consolidated statements of operations and changes in net assets include the amounts for Cardiology Associates from the date of acquisition. The activity for the cardiology clinic is included as a department of Bellin Hospital as of October 31, 2010.

The following table summarizes the estimated fair values of the acquired assets and assumed liabilities of Cardiology Associates at the date of acquisition (in thousands):

Inventory	\$ 20
Property and equipment	830
Intangibles subject to amortization	2,650
Total assets acquired	3,500
Current liabilities assumed	149
Net assets acquired	\$ 3,351

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 3 Reimbursement Arrangements With Third-Party Payors

Agreements are maintained with third-party payors that provide for reimbursement at amounts that vary from established rates. A summary of the basis of reimbursement with major third-party payors follows:

- *Medicare* - Inpatient hospital services provided by Bellin Hospital rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Other inpatient acute care services, which include rehabilitation, are paid based on cost-reimbursement methods with certain services subject to a historical expense target limitation, prospectively determined daily rates, established fee schedules, or a combination thereof. Outpatient services provided to Medicare program beneficiaries are reimbursed on a prospective payment methodology, also based on a patient classification system. Physician clinic services provided to Medicare beneficiaries are reimbursed based upon a fee schedule.

Oconto Hospital is designated as a CAH. Under this designation, inpatient and outpatient hospital services are based upon a cost-reimbursement methodology, with the exception of certain lab and mammography services that are reimbursed based upon fee schedules.

Inpatient services provided by the Psychiatric Center are paid at prospectively determined per diem rates. Outpatient services and clinic services are paid based upon fixed fee schedules.

- *Medicaid* - Inpatient services provided by Bellin Hospital rendered to Medicaid program beneficiaries are paid primarily at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors similar to the Medicare system. Outpatient services provided to Medicaid program beneficiaries are paid on a prospectively determined rate per occasion of service.

Medicaid inpatient and outpatient services provided to Oconto Hospital patients are based on a cost-reimbursement methodology similar to the Medicare system through June 30, 2010, with the exception of certain lab and therapy services that are reimbursed based upon fee schedules. Services after June 30, 2010, are paid based upon the methodology discussed on page 18.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

- *Other Payors* - Bellin Health Systems has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates, discounts from established charges, and other methods

#### Accounting for Contractual Arrangements

Bellin Health Systems is reimbursed for certain cost reimbursable items at an interim rate, and final settlements are determined after audit of the related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Medicare cost reports have been audited by the Medicare fiscal intermediary for Bellin Hospital through September 30, 2007, for the Psychiatric Center through September 30, 2008, and for Oconto Hospital through September 30, 2009. The Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2005 for all hospitals.

#### 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. Violations of the laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patients' services. Management believes Bellin Health Systems is in substantial compliance with current laws and regulations.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

#### Compliance (Continued)

The Centers for Medicare & Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of its further efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and were not detected through existing CMS program-integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. As of September 30, 2011, Bellin Health Systems has not been notified by the RAC of any potential significant reimbursement adjustments.

### Note 4 Accounts Receivable

Accounts receivable consisted of the following at September 30

	In Thousands	
	2011	2010
Accounts receivable	\$ 118,854	\$ 89,191
Less		
Contractual adjustments	49,696	34,489
Allowance for doubtful accounts	18,989	15,145
Accounts receivable - Net	\$ 50,169	\$ 39,557

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 5 Net Patient Service Revenue

Net patient service revenue consisted of the following for the years ended September 30

	In Thousands	
	2011	2010
Gross patient service revenue		
Inpatient services	\$ 250,339	\$ 228,106
Outpatient services	487,110	409,154
 Total gross patient service revenue	 737,449	 637,260
 Less - Contractual deductions	 362,807	 302,777
 Net patient service revenue	 \$ 374,642	 \$ 334,483

The following table reflects the percentage of gross patient service revenue by payor source for the years ended September 30

	2011	2010
Medicare	40.4%	38.0%
Medicaid	10.5%	10.5%
Other third-party payors	45.2%	47.2%
Patients	3.9%	4.3%
 Totals	 100.0%	 100.0%

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 6

### Community Benefit and Community Care

Bellin Health Systems provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, improve the health of low-income patients, and foster nursing education through the College. Consistent with the mission of Bellin Health Systems, care is provided to patients regardless of their ability to pay. In addition, Bellin Health Systems provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources or are uninsured or underinsured. Health care services to patients under government programs, such as Medicaid, are also considered part of Bellin Health Systems' benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than cost.

Bellin Health Systems is continuing to refine its community care and financial assistance policy to timely identify, clarify, and expand the scope of those patients who qualify for community care and financial assistance. Patients who meet certain criteria for community care (generally based on federal poverty guidelines) are provided care without charge or at amounts less than established rates. The amount of community care provided is determined based on the qualifying criteria, as defined in the community care and financial assistance policy, and applications completed by patients and their families or beneficiaries. No payment for services is anticipated and no billing is prepared for those patients whose community care applications have been approved.

In addition, Bellin Health Systems provides a significant amount of uncompensated care to uninsured and underinsured patients. These amounts are included in the provision for bad debts and include amounts for patients who may have otherwise qualified for community care but did not complete applications. These additional amounts of uncompensated care are not included in the accompanying table.

Bellin Health Systems maintains records to identify and monitor the levels of community care it provides. The amount of charges foregone for services and supplies furnished under Bellin Health Systems' community care policy aggregated approximately \$9,108,000 and \$8,166,000 for the years ended September 30, 2011 and 2010, respectively, representing 1.24% and 1.28% of gross patient service revenue in 2011 and 2010, respectively.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 6 Community Benefit and Community Care (Continued)

Services for the poor and underserved include services provided to persons who cannot afford health care because of inadequate resources and/or are uninsured or underinsured, as well as the unpaid costs of public programs treating Medicaid and indigent beneficiaries. Costs are computed based on a relationship of costs to charges. It also includes the cost of other services for indigent populations and cash donations on behalf of the poor and needy.

The estimated unpaid costs of community benefit and community care are summarized as follows for the years ended September 30:

	In Thousands	
	2011	2010
Services for the poor and underserved based on estimated unpaid costs		
Community care	\$ 4,300	\$ 4,100
Medicaid and other public programs	17,400	19,600
 Total services for the poor and underserved based on estimated unpaid costs	 \$ 21,700	 \$ 23,700

Benefits for the broader community include unpaid costs of providing the following services treating the elderly, health screenings and other health-related services, training health professionals, educating the community with various seminars and classes, and the costs associated with providing free clinics and community services. Also included are contributions Bellin Health Systems makes to community agencies to fund charitable activities.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 6 Community Benefit and Community Care (Continued)

The costs of providing these programs and services are included in expenses in the accompanying consolidated statements of operations and changes in net assets and are summarized as follows for the years ended September 30

	In Thousands	
	2011	2010
<b>Benefits for the broader community - Expenses incurred</b>		
Nonbilled services based on estimated cost of care		
Nonbilled services based on estimated cost of care	\$ 67	\$ 30
Community-based health education support	1,699	964
Other community benefits and donations	405	371
<b>Total quantifiable benefits for the broader community based on expenses</b>		
Total quantifiable benefits for the broader community based on expenses	\$ 2,171	\$ 1,365

### Note 7 Investments, Assets Limited as to Use, and Investment Income

#### *Investments*

Investments, stated at fair value, consisted of the following at September 30

	In Thousands	
	2011	2010
Cash and cash equivalents	\$ 103	\$ 123
Equity mutual funds	1,582	1,045
Fixed income mutual funds	0	378
Equity securities	1,334	850
Fixed income securities	1,490	817
Interest receivable	22	25
<b>Total investments</b>	<b>\$ 4,531</b>	<b>\$ 3,238</b>

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 7 Investments, Assets Limited as to Use, and Investment Income (Continued)

#### *Assets Limited as to Use*

Assets limited as to use are stated at fair value and consisted of the following at September 30

	In Thousands	
	2011	2010
Board designated for capital acquisitions		
Cash and cash equivalents	\$ 1,747	\$ 1,043
Fixed income securities	34,441	33,652
Equity mutual funds	6,324	5,537
Equity securities	23,072	24,700
Alternative investments	4,154	2,564
Interest receivable	0	363
Total board designated for capital accquisitions	69,738	67,859
Funds held by trustees under bond indenture agreements		
Cash and cash equivalents	16,002	2,095
Fixed income securities	7,402	3,488
Commercial paper	0	3,432
Total funds held by trustees under bond indenture agreements	23,404	9,015
Total board-designated and trustee-restricted assets	93,142	76,874

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 7 Investments, Assets Limited as to Use, and Investment Income (Continued)

#### *Assets Limited as to Use (Continued)*

	In Thousands	
	2011	2010
Set aside to fund restricted contributions for specific purposes		
Cash and cash equivalents	\$ 56	\$ 62
Equity mutual funds	436	410
Fixed income mutual funds	0	440
Equity securities	435	428
Fixed income securities	485	0
Unconditional promises to give - Net	3,067	3,492
Interest in future cash flows of Brightman Trust	650	650
 Total set aside to fund restricted contributions for specific purposes	 5,129	 5,482
 College assets limited as to use		
Cash and cash equivalents	780	1,675
Equity mutual funds	3,296	2,546
Fixed income mutual funds	0	177
Equity securities	2,667	1,827
Fixed income securities	3,130	2,952
Interest receivable	15	16
Unconditional promises to give - Net	846	2,121
 Total College assets limited as to use	 10,734	 11,314
 Total assets limited as to use	 109,005	 93,670
Less - Current portion	5,867	5,999
 Noncurrent assets limited as to use	 \$ 103,138	 \$ 87,671

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 7 Investments, Assets Limited as to Use, and Investment Income (Continued)

#### *Investment Income*

Investment income and gains and losses on cash and cash equivalents, investments, and assets limited as to use are set forth in the following tables for the years ended September 30

	In Thousands		
	2011		
	Temporarily		
	Unrestricted	Restricted	Total
Interest and dividend income - Other operating revenue	\$ 473	\$ 0	\$ 473

Other income (loss)			
Interest and dividend income	2,286	73	2,359
Net realized gain on sale of investments	1,983	51	2,034
Change in unrealized gain (loss) on trading securities	(610)	460	(150)
Investment income - Other income	3,659	584	4,243
<b>Total investment income</b>	<b>\$ 4,132</b>	<b>\$ 584</b>	<b>\$ 4,716</b>

	In Thousands		
	2010		
	Temporarily		
	Unrestricted	Restricted	Total
Interest and dividend income - Other operating revenue	\$ 619	\$ 0	\$ 619
Other income			
Interest and dividend income	2,694	14	2,708
Net realized gain on sale of investments	796	10	806
Change in unrealized gain on trading securities	2,854	18	2,872
Investment income - Other income	6,344	42	6,386
<b>Total investment income</b>	<b>\$ 6,963</b>	<b>\$ 42</b>	<b>\$ 7,005</b>

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 7 Investments, Assets Limited as to Use, and Investment Income (Continued)

#### *Investment Income (Continued)*

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

### Note 8 Fair Value Measurements

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Money market funds are valued using \$1 as the NAV. Corporate bonds and U.S. government and agency obligations are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Mutual funds are valued at quoted market prices which represent the NAV of shares held by Bellin Health Systems. Commercial paper is measured at cost, which approximates fair value. Equity securities are valued at quoted market prices. Alternative investments are valued based on the underlying assets of the funds and the NAV of shares held by Bellin Health Systems. The interest rate swap agreement is recorded at the amount at which it could be settled, based on estimates by a third-party valuation service, which uses a discounted cash flow analysis using observable market-based inputs, including forward interest rate curves.

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 Bellin Health Systems 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.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 8 Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, Bellin Health Systems' assets and liabilities at fair value as of September 30

	In Thousands						Total Assets/ Liabilities at at Fair Value	
	Fair Value Measurements Using			2011				
	Level 1	Level 2	Level 3					
<b>Assets</b>								
Cash and cash equivalents	\$ 3,895	\$ 0	\$ 0				\$ 3,895	
Fixed income mutual funds	258	0	0				258	
Corporate, U.S. government, and agency obligations								
Corporate bonds	0	20,912	0				20,912	
Government bonds	0	14,741	0				14,741	
Foreign bonds	0	3,075	0				3,075	
Agency bonds	0	3,247	0				3,247	
Asset-backed bonds	0	247	0				247	
Mortgage-backed bonds	0	1,916	0				1,916	
Municipal bonds	0	2,550	0				2,550	
Equity securities								
Consumer discretionary	2,507	0	0				2,507	
Consumer staples	6,495	0	0				6,495	
Energy	2,624	0	0				2,624	
Financials	2,987	0	0				2,987	
Health care	134	0	0				134	
Industrials	2,412	0	0				2,412	
Information technology	2,963	0	0				2,963	
Materials	766	0	0				766	
Miscellaneous	2,319	0	0				2,319	
Telecommunication services	3,558	0	0				3,558	
Utilities	759	0	0				759	
Mutual funds	11,660	0	0				11,660	
Alternative investments	0	4,154	0				4,154	
<b>Total assets</b>	<b>\$ 43,337</b>	<b>\$ 50,842</b>	<b>\$ 0</b>				<b>\$ 94,179</b>	
<b>Liabilities - Interest rate swap valuation</b>								
	\$ 0	\$ (10,223)	\$ 0				<b>\$ (10,223)</b>	

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 8 Fair Value Measurements (Continued)

	In Thousands						Total Assets/ Liabilities at Fair Value	
	2010							
	Fair Value Measurements Using			Level 1      Level 2      Level 3				
Assets								
Money market funds	\$ 3,351	\$ 0	\$ 0	0	\$ 3,351	0		
Fixed income securities	0	37,422	0	0	37,422	0		
Fixed income mutual funds	995	0	0	0	995	0		
U S governmental and agency obligations	0	3,487	0	0	3,487	0		
Commercial paper	0	3,432	0	0	3,432	0		
Equity securities	27,804	0	0	0	27,804	0		
Equity mutual funds	9,537	0	0	0	9,537	0		
Alternative investments	0	2,564	0	0	2,564	0		
Total assets	\$ 41,687	\$ 46,905	\$ 0	\$ 0	\$ 88,592	0		
Liabilities - Interest rate swap valuation	\$ 0	\$ (8,386)	\$ 0	\$ 0	\$ (8,386)	0		

The following table sets forth additional disclosures of Bellin Health Systems' investments whose fair value are estimated using net asset value per share as of September 30

	In Thousands						Redemption Restrictions	Notice Period
	2011	2010	Unfunded Commitments	Frequency				
Masters V Private Equity Fund	\$ 4,154	\$ 2,564	\$ 1,225	A	None		B	

- A Masters V Private Equity Fund ("Masters V") is an illiquid private equity investment that is intended to be held by investors for the life of the fund, which is a maximum term of 15 years. Masters V may make distributions to limited partners as underlying investments are realized. No distributions have been made to date, and the frequency of future distributions is unknown at this time.
- B Due to the illiquid nature of private equity, a redemption notice period does not apply to Masters V.

The carrying values of current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 9 Unconditional Promises to Give

Unconditional promises to give, classified as assets limited as to use, are as follows at September 30

	In Thousands	
	2011	2010
Unconditional promises to give	\$ 4,348	\$ 6,318
Less		
Unamortized discount	317	509
Allowance for uncollectible promises to give	118	196
<b>Totals</b>	<b>\$ 3,913</b>	<b>\$ 5,613</b>
Amounts due in		
Less than one year	\$ 1,554	\$ 2,017
One to five years	1,240	2,602
Greater than five years	1,119	994
<b>Totals</b>	<b>\$ 3,913</b>	<b>\$ 5,613</b>

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates ranging from 1 3% to 5 0%

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 10 Property and Equipment

Property and equipment consisted of the following at September 30

	In Thousands	
	2011	2010
Land	\$ 10,778	\$ 9,588
Land improvements	3,144	2,970
Buildings	116,038	101,993
Fixed equipment	64,122	64,370
Major movable equipment	104,520	103,981
Total property and equipment	298,602	282,902
Less - Accumulated depreciation	150,350	144,533
Net depreciated value	148,252	138,369
Construction in progress	15,849	2,673
Property and equipment - Net	\$ 164,101	\$ 141,042

During 2011 and 2010, Bellin Health Systems capitalized \$0 and \$600,333, respectively, of interest expense and \$0 and approximately \$109,000, respectively, of investment income earned on the Series 2008 Bond funds

Equipment under capital leases had an original cost of approximately \$5,745,000 and \$12,631,000 and accumulated amortization of approximately \$774,000 and \$2,124,000 at September 30, 2011 and 2010, respectively

Construction in progress relates to various projects (see Note 26)

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 11      Notes Receivable

Notes receivable consisted of the following at September 30

	In Thousands	
	2011	2010
Note receivable from Oconto Hospital	\$ 0	\$ 1,446
Note receivable from local physician group	548	641
Note receivable from Critical Care Solutions, Inc	437	437
Note receivable from local hospital	0	72
<b>Totals</b>	<b>\$ 985</b>	<b>\$ 2,596</b>

Notes receivable from local physician group and local hospital resulted from building and property sales by Bellin Health Systems to other organizations. The notes receivable from local physician group and local hospital mature in varying amounts through 2016.

Bellin Hospital entered into a line-of-credit loan agreement, mortgage agreement, and related security agreement to formalize a note receivable from Oconto Hospital. Under these agreements, Oconto Hospital began the repayment of principal and interest on the note receivable on December 31, 2006, at an annual interest rate of 5.75%. As collateral for the note, Oconto Hospital collateralized the hospital facility, real estate, and a lease between Oconto Hospital and Bellin Hospital. As of September 30, 2010, approximately \$4,075,000 was borrowed under the loan agreement and an allowance of approximately \$2,629,000 was recorded for potential uncollectible amounts. Effective with the change in control of Oconto Hospital as of July 1, 2011, the note receivable is eliminated in consolidation.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 12 Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates consisted of the following at September 30

	In Thousands	
	2011	2010
Investment in Unity Limited Partnership d/b/a		
Unity	\$ 5,184	\$ 5,406
Investment in NorthReach Healthcare	1,768	1,565
Investment in Oconto Hospital	0	1,005
Critical Care Solutions, Inc	209	183
Quality Health Solutions, Inc	135	50
<b>Totals</b>	<b>\$ 7,296</b>	<b>\$ 8,209</b>

Following is a summary of the financial position and results of operations of investments accounted for under the equity method as of and for the years ended September 30

	In Thousands	
	2011	2010
Total assets	\$ 21,268	\$ 28,352
Total liabilities	5,737	11,142
Total equity	15,531	17,210
Revenue	35,514	38,631
Net loss	(3,036)	(2,611)

Bellin Hospital has a 45% general partnership interest in Unity, a tax-exempt partnership, whose purpose is to provide community-based hospice services to area residents. The investment is accounted for under the equity method.

Bellin Hospital has a 50% ownership interest in NorthReach Healthcare which is accounted for under the equity method. The purpose of NorthReach Healthcare is to own and operate primary care clinics in a defined service area.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 12 Investments in Unconsolidated Affiliates (Continued)

Prior to July 1, 2011, Bellin Hospital owned 50% of Oconto Hospital and recorded its investment under the equity method. Beginning July 1, 2011, Oconto Hospital is consolidated as part of Bellin Hospital (see Note 2).

Bellin Health holds a 49% ownership interest in Critical Care Solutions, Inc. (a limited liability company) that provides remote electronic monitoring of critical care patients at Bellin Hospital and has a 50% interest in Quality Health Solutions, Inc., a not-for-profit organization incorporated to improve the quality, efficiency, and value of health services provided by member organizations. These investments are recorded under the equity method.

### Note 13 Intangible Assets

Bellin Hospital acquired separately identifiable intangible assets as a result of the acquisition (Note 2). These intangible assets are related to the value of the physician work force and the trade name. The physician work force is being amortized over the future economic benefit of the related noncompete agreements. The trade name is allocated over 15 years.

Intangible assets, other than goodwill, as of September 30, 2011, were as follows (in thousands):

Intangibles subject to amortization		
Physician work force		\$ 1,675
Trade name		975
<hr/>		
Subtotal		2,650
Less - Accumulated amortization		518
<hr/>		
Intangible assets, other than goodwill - Net		\$ 2,132

Estimated amortization is \$309,000 for each of the next five years.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 14 Bonds Payable

Bonds payable consisted of the following at September 30

	In Thousands	
	2011	2010
<i>Obligated Group (Bellin Hospital and Psychiatric Center)</i>		
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 1993, dated July 15, 1993, bearing interest at various rates from 5.200% to 6.625%, maturing in varying amounts through February 15, 2022	\$ 20,710	\$ 22,180
Redevelopment Authority of the City of Green Bay, Wisconsin, Revenue Bonds, Series 2001A, dated September 27, 2001, bearing interest at various rates from 3.500% to 5.625%, maturing in varying amounts through February 15, 2024	15,420	16,230
Development Revenue Bonds, Series 2008, dated December 9, 2008, bearing interest at various rates from 3.00% to 6.25%, maturing in varying amounts through December 1, 2035	47,000	48,065
<b>Total Obligated Group</b>	<b>83,130</b>	<b>86,475</b>
<i>Oconto Hospital &amp; Medical Center, Inc.</i>		
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2011, dated August 18, 2011, bearing interest of 3.85%, maturing August 1, 2021	14,000	0

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 14 Bonds Payable (Continued)

	In Thousands	
	2011	2010
<i>Bellin College, Inc</i>		
Village of Bellevue Industrial Development Revenue Bonds, Traunch A, bearing interest at 4 1%, maturing in varying amounts through December 1, 2019	\$ 3,025	\$ 3,325
Village of Bellevue Industrial Development Revenue Bonds, Traunch D, bearing interest at 4 2%, maturing such that principal outstanding remains below target levels, due in full by January 31, 2019	2,282	3,000
Village of Bellevue Industrial Development Revenue Bonds, Traunch B, bearing interest at 30-day LIBOR plus 2 00%, paid in full during 2011	0	630
Village of Bellevue Industrial Development Revenue Bonds, Traunch C, bearing interest at 3 7%, paid in full during 2011	0	110
<b>Total Bellin College, Inc</b>	<b>5,307</b>	<b>7,065</b>
Total bonds payable	102,437	93,540
Less		
Original issue discounts	929	1,003
Current maturities	3,822	3,755
<b>Long-term portion</b>	<b>\$ 97,686</b>	<b>\$ 88,782</b>

Based on the borrowing rates currently available to Bellin Health Systems for bonds with similar terms and maturities, the estimated fair value of the bonds is \$105,000,000 at September 30, 2011

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 14 Bonds Payable (Continued)

#### Revenue Bonds, Series 1993

The bonds mature in varying amounts from \$1,555,000 to \$2,640,000 in 2012 to 2022

#### Revenue Bonds, Series 2001A

The Series 2001A Revenue Bonds mature annually in increasing amounts from \$850,000 in 2012 to \$1,615,000 in 2024. The terms of the revenue bonds require monthly payments of interest and principal to the bond trustee prior to the required payments to the holders of such bonds. The bonds may be prepaid provided the borrower gives the Redevelopment Authority of the City of Green Bay and the bond trustee 60 days' written notice of prepayment.

#### Revenue Bonds, Series 2008

The Series 2008 Revenue Bonds provide for mandatory redemption payments in various amounts, ranging from principal payment of approximately \$1,100,000 in 2012 to \$3,140,000 in 2035. The terms of the Series 2008 Revenue Bonds require monthly payments of interest and principal to the bond trustee prior to the required payments to holders of such bonds. The revenue bonds may be prepaid provided the borrower gives the Redevelopment Authority of the City of Green Bay and the bond trustee 60 days' written notice of prepayment.

#### Revenue Bonds, Series 2011

The Series 2011 Revenue Bonds for Oconto Hospital require monthly payments of interest, with monthly principal payments of approximately \$39,000 starting in March 2013.

#### Village of Bellevue Industrial Development Revenue Bonds

The Village of Bellevue Industrial Development Revenue Bonds for the College are secured by a mortgage loan and revenue agreement. During 2010, the principal portion of the debt was divided into four tranches with varying repayment terms. The terms of the revenue bonds require monthly payments of interest and principal to the bond trustee prior to the required payments to the holders of such bonds.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 14 Bonds Payable (Continued)

#### Deposit Requirements

Under the terms of the Series 1993 and 2001A Revenue Bond Indentures, certain deposits are required to be maintained with the bond trustee. All deposits are included in assets limited as to use (see Note 7). A debt service reserve fund is required to be maintained in an amount not less than 100% of the maximum interest and principal due on the Series 1993 and 2001A Revenue Bonds in the current or any succeeding bond year. The minimum funding requirements were met at September 30, 2011 and 2010.

#### Revenue Bond Covenant Requirements

The various bond indenture agreements require the respective obligors to maintain certain financial and other covenants. Management believes the respective obligors are in compliance with all covenants at September 30, 2011 and 2010.

#### Scheduled Principal Payments

Scheduled payments of principal on bonds payable at September 30, 2011, including current maturities, are summarized as follows (in thousands):

2012	\$	3,822
2013		4,282
2014		4,647
2015		4,849
2016		5,067
Thereafter		79,770
<hr/>		
Total	\$	102,437
<hr/>		

## Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

## Note 15 Leases

Bellin Health Systems has entered into certain leases that have been classified as capital leases and various noncancelable lease agreements classified as operating leases primarily for equipment and real estate. Future minimum payments, by year and in the aggregate, under capital leases and noncancelable operating leases consisted of the following as of September 30, 2011:

	In Thousands	
	Capital Leases	Operating Leases
2012	\$ 953	\$ 8,177
2013	850	6,636
2014	335	5,134
2015	335	4,771
2016	335	4,600
Thereafter	3,514	31,288
 Total minimum lease payments	6,322	\$ 60,606
Amount representing interest	1,469	<hr/>
 Present value of net minimum lease payments	4,853	
Less - Current portion	752	<hr/>
 Long-term obligations under capital leases	\$ 4,101	

Lease expense under operating lease agreements for the years ended September 30, 2011 and 2010, was approximately \$11,028,000 and \$10,144,000, respectively

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 16 Interest Rate Swap Agreement

In conjunction with certain bonds that were early retired in 2009, Bellin Hospital had entered into a master agreement with a financial institution for an interest swap transaction. The purpose of the swap was to reduce the impact of changes in interest rates on the bonds. The swap had a notional amount of \$37,100,000 at September 30, 2011, a fixed rate of 3.671%, and matures February 15, 2036.

The interest rate swap agreement is recorded as a liability of approximately \$10,223,000 and \$8,386,000 as of September 30, 2011 and 2010, respectively. Bellin Hospital is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap. However, Bellin Hospital does not anticipate nonperformance by the counterparty.

### Note 17 Deferred Compensation Arrangements

As of September 30, 2011 and 2010, the accompanying consolidated financial statements included various assets and liabilities associated with deferred compensation arrangements existing for certain retired executives. Liabilities for deferred compensation are fully accrued.

### Note 18 Temporarily and Permanently Restricted Net Assets

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

	In Thousands	
	2011	2010
Bellin Memorial Hospital capital projects	\$ 1,827	\$ 2,466
Bellin Memorial Hospital services	703	607
Scholarships	740	203
Patient assistance	25	4
Employee assistance	6	27
Bellin College campus project	906	2,447
Faculty educational leave	16	13
Other	13	2
<b>Total temporarily restricted net assets</b>	<b>\$ 4,236</b>	<b>\$ 5,769</b>

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 18 Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity, the income of which is expendable to support the following at September 30

	In Thousands	
	2011	2010
Endowment fund	\$ 1,375	\$ 1,350
Health care services	651	651
Scholarships	4,357	4,142
Employee training and development	203	199
Professorships	590	590
Faculty development and educational leave	38	38
Learning resources	20	20
College operations	3,583	3,583
 Total permanently restricted net assets	 \$ 10,817	 \$ 10,573

### Note 19 Endowments

Bellin Health Systems' endowments consist of different funds established to benefit Bellin Health Systems for a variety of purposes. Bellin Health Systems' endowments include both donor-restricted endowments and funds designated by the Boards of Directors to function as endowments or quasi-endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Boards of Directors believe the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, is the relevant state law governing Bellin Health Systems' endowment funds. The Boards of Directors have interpreted UPMIFA as allowing the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund to be used as expenditures for the purposes for which the endowment was established, considering the facts and circumstances prevailing at the time of the expenditure.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 19 Endowments (Continued)

Bellin Health Systems has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to preserve the purchasing power of the endowment assets. Under Bellin Health Systems' investment policy, as approved by the Boards of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure any risk assumed is commensurate with the given investment vehicle and Bellin Health Systems' objectives.

To achieve its investment goals, Bellin Health Systems targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. Bellin Health Systems' asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends, and net appreciation in the fair value of donor-restricted endowment funds are classified as temporarily restricted net assets if the earnings are restricted by the donor for a specific purpose or as board designated if the earnings are not donor restricted. Interest and dividends on donor-restricted endowment funds are appropriated for distribution at the discretion of the Boards of Directors.

#### Quasi-Endowments

The Boards of Directors have set aside certain unrestricted net assets for endowment purposes. As these amounts are not restricted by the donor but are restricted only by board policy, the amounts have been classified as unrestricted net assets. The intent of the Boards of Directors is that the amount of unrestricted net assets classified as quasi-endowments is equal to the market value of the funds invested in the quasi-endowment investments. Accordingly, changes in the market value of quasi-endowment investments are classified as board-designated unrestricted net assets until used. The Boards of Directors may designate additional amounts from time to time to be added to the quasi-endowment.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 19 Endowments (Continued)

#### Donor-Restricted Endowments

Bellin Health Systems received several gifts in which the donors stipulated that the gift amount be invested and maintained permanently to generate annual income for use involving scholarships, health care services, and employee training and development. The gifts are maintained by Bellin Health Systems in various investments (Note 7) along with the quasi-endowment investments. Bellin Health Systems is responsible for investment decisions and determines the income available for distribution using the total return method. Distribution decisions are made annually dependent upon investment returns and operational needs.

Endowment net assets consisted of the following at September 30

	In Thousands					
	2011			2010		
	Board Designated	Donor Restricted	Total	Board Designated	Donor Restricted	Total
<b>Net assets</b>						
Unrestricted	\$ 534	\$ (18)	\$ 516	\$ 531	\$ (28)	\$ 503
Temporarily restricted	0	572	572	0	51	51
Permanently restricted	0	10,817	10,817	0	10,573	10,573
<b>Totals</b>	<b>\$ 534</b>	<b>\$ 11,371</b>	<b>\$ 11,905</b>	<b>\$ 531</b>	<b>\$ 10,596</b>	<b>\$ 11,127</b>

From time to time, the fair value of assets associated with donor-restricted funds may fall below the level that the donor requires Bellin Health Systems to retain as a fund. In accordance with GAAP, deficiencies of this nature were reported in unrestricted net assets totaling approximately \$18,000 and \$28,000 as of September 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred on the investment of restricted contributions and continued appropriation for certain programs that was deemed prudent by the Boards of Directors.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 19 Endowments (Continued)

#### Donor-Restricted Endowments (Continued)

Changes in endowment funds were as follows for the years ended September 30, 2011 and 2010

	In Thousands				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Endowment net assets at September 30, 2009	\$ 220	\$ 28	\$ 9,917	\$ 10,165	
Investment return					
Investment earnings	159	19	0	178	
Unrealized gains	150	17	0	167	
Total investment return	309	36	0	345	
Appropriation of endowment assets for expenditures	(26)	(13)	0	(39)	
Contributions	0	0	656	656	
Endowment net assets at September 30, 2010	503	51	10,573	11,127	
Investment return					
Investment earnings	19	117	0	136	
Unrealized gains	12	422	0	434	
Total investment return	31	539	0	570	
Appropriation of endowment assets for expenditures	(18)	(18)	0	(36)	
Redesignation of net assets	0	0	(100)	(100)	
Contributions	0	0	344	344	
Endowment net assets at September 30, 2011	\$ 516	\$ 572	\$ 10,817	\$ 11,905	

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 20      Functional Expenses

Bellin Health Systems provides general health care services to residents within its geographic location. Expenses related to providing these services were as follows for the years ended September 30:

	In Thousands	
	2011	2010
Health care services	\$ 302,217	\$ 274,323
General and administrative	60,992	49,749
Fund-raising	519	495
<b>Total expenses</b>	<b>\$ 363,728</b>	<b>\$ 324,567</b>

### Note 21      Retirement Plan

A 401(k) voluntary contribution plan for affiliates covers qualified employees who have attained age 18. The plan provides for a discretionary matching contribution that is determined by the Board of Directors. For 2011 and 2010, the amount of the discretionary match expense was approximately \$7,178,000 and \$6,597,000, respectively.

### Note 22      Malpractice Insurance

Professional liability insurance is maintained for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year to cover claims reported during a policy year ("claims made" coverage). Coverage against losses in excess of these amounts is maintained through mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the period extending through January 31, 2012, for Bellin Health Systems, excluding Oconto Hospital. Oconto Hospital's professional liability insurance policy is renewable annually, and has been renewed by the insurance carrier for the period extending through June 29, 2012.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 22 Malpractice Insurance (Continued)

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with Bellin Health Systems. Although the possibility exists of claims arising from services provided to patients through September 30, 2011, which have not yet been asserted, management does not anticipate any significant losses from professional liability claims and, accordingly, no provision has been made for them.

### Note 23 Self-Funded Insurance

Bellin Health Systems has a self-funded health care plan which provides medical and dental benefits to employees and their dependents. Employees share in the cost of health benefits with health care premiums paid by employees in amounts determined by actuaries based on historical experience. Health care expense is based upon actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. Bellin Health Systems buys reinsurance to cover catastrophic individual claims.

Health and dental care expense in 2011 and 2010 was approximately \$15,600,000 and \$14,049,000, respectively. A liability of approximately \$2,100,000 and \$2,032,000 for claims outstanding at September 30, 2011 and 2010, respectively, has been recorded in accrued liabilities and other in the accompanying consolidated balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported. As a self-funded insurance plan, Bellin Health Systems provides the majority of health care services to plan participants and their dependents. Bellin Health Systems is also partially self-insured for certain workers' compensation benefits.

### Note 24 Related-Party Transactions

From time to time, Bellin Health Systems may enter into various business transactions with members of the Boards of Directors, members of various board committees, or organizations that employ board and/or committee members. Transactions are provided at fair value and follow Bellin Health Systems' conflict of interest policies. Related parties owed Bellin Health Systems approximately \$62,000 and \$936,000 at September 30, 2011 and 2010, respectively.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 25 Concentration of Credit Risk

Financial instruments that potentially subject Bellin Health Systems to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments

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 patients are from northeast Wisconsin. The mix of receivables from patients and third-party payors was as follows as of September 30

	2011	2010
Medicare	34%	33%
Medicaid	9%	9%
Other third-party payors	38%	36%
Patients	19%	22%
<b>Totals</b>	<b>100%</b>	<b>100%</b>

Bellin Health Systems 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. Bellin Health Systems maintains cash in interest-bearing accounts at these institutions that are insured by the FDIC up to \$250,000. At September 30, 2011, the amount of bank balances in excess of FDIC-insured limits was approximately \$66,500,000. In addition, investments and assets limited as to use held by financial institutions are uninsured. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 26      Commitments and Contingencies

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

Bellin Health System's Board of Directors has approved the following future projects:

- To upgrade and enhance the clinical information technology (IT) system, the majority of which is expected to be completed during the fiscal year ending September 30, 2013. The total IT project costs are estimated to be \$20,100,000. As of September 30, 2011, actual project costs incurred and included in construction in progress totaled approximately \$7,500,000. This project is being funded through current operations.
- Construction of a new primary care clinic in Iron Mountain, Michigan. Bellin Health expects to sign an agreement with a developer, whereby this developer will construct the facility and lease the facility back to Bellin Health. As of September 30, 2011, this agreement has not been signed. Construction for the facility began in October 2011. Total costs for the new facility are estimated to be \$3,700,000. Should an agreement not be reached with a developer, the project will be funded through current operations.
- Expansion of its current Cancer Team facility. The expansion includes the completion of current shelled space in its current facility in Ashwaubenon, Wisconsin. Total costs for the expansion are estimated to be \$1,200,000 and will be funded through current operations.

# Bellin Health Systems, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 26      Commitments and Contingencies (Continued)

- Call and refund the Redevelopment Authority of the City of Green Bay, Revenue Bonds, Series 2001A The call and refunding is expected to occur on February 15, 2012 The total amount of the refunding will be approximately \$14,600,000 The refunding will be terminated through use of approximately \$1,700,000 of debt service reserve funds and proceeds from the issuance of approximately \$12,900,000 of tax-exempt, fixed rate bonds privately placed with a local financial institution, which closed on November 23, 2011 Bond issuance costs of approximately \$900,000 related to the refinancing will be incurred in 2012

In August 2011, Oconto Hospital began construction of an expansion to its current facility The expansion will add three surgical suites, as well as additional hospital beds, expansion of imaging and therapy services, and the relocation of its current primary care clinic to the hospital facility The total project is expected to cost approximately \$17,100,000 and is expected to be completed in June 2012 The project is being funded through the \$14,000,000 Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2011 (see Note 14), a state of Wisconsin grant, and fund-raising At September 30, 2011, construction in progress related to this project totaled approximately \$734,000 Unspent funds of approximately \$13,929,000 as of September 30, 2011, are included in funds held by trustees under bond indenture agreements in assets limited as to use (Note 7)

Other amounts included in construction in progress relate to various renovation and remodeling projects



## Independent Auditor's Report on Consolidating Information

Board of Directors  
Bellin Health Systems, Inc  
Green Bay, Wisconsin

Our report on our audits of the consolidated financial statements of Bellin Health Systems, Inc and Affiliates for the years ended September 30, 2011 and 2010, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information appearing on pages 59 through 70 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets, and cash flows of the individual organizations. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

Since Oconto Hospital is not part of the Obligated Group for bond indenture purposes (see Note 14), the financial statements of Oconto Hospital are eliminated for the purposes of showing the Obligated Group's financial statements in the consolidating statements of the Obligated Group beginning on page 59.

*Wipfli LLP*

Wipfli LLP

December 19, 2011  
Green Bay, Wisconsin

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Balance Sheet - Obligated Group

September 30, 2011 (With Comparative Totals for September 30, 2010)

Assets	In Thousands						Consolidated Total for Obligated Group	
	Bellin Memorial Hospital, Inc and Subsidiaries	Bellin Psychiatric Center, Inc	Oconto Hospital & Medical Center, Inc	Eliminate Eliminations	2011	2010		
							2011	2010
<b>Current assets</b>								
Cash and cash equivalents	\$ 43,888	\$ 5,210	\$ (320)	\$ 0	\$ 48,778	\$ 63,765		
Current portion of assets limited as to use	4,313	0	0	0	4,313	3,982		
Accounts receivable - Net	47,706	1,783	(826)	0	48,663	38,955		
Other receivables	780	0	(175)	0	605	818		
Due from related parties	2,747	0	0	311	3,058	2,321		
Inventories	5,111	0	0	0	5,111	4,800		
Prepaid expenses and other	5,236	0	(2)	0	5,234	3,879		
<b>Total current assets</b>	<b>109,781</b>	<b>6,993</b>	<b>(1,323)</b>	<b>311</b>	<b>115,762</b>	<b>118,520</b>		
<b>Assets limited as to use - Less current portion</b>	<b>85,787</b>	<b>7,821</b>	<b>(13,929)</b>	<b>0</b>	<b>79,679</b>	<b>78,230</b>		
<b>Notes receivable - Related party</b>	<b>3,981</b>	<b>0</b>	<b>0</b>	<b>(3,981)</b>	<b>0</b>	<b>0</b>		
<b>Property and equipment - Net</b>	<b>144,258</b>	<b>5,966</b>	<b>(7,764)</b>	<b>0</b>	<b>142,460</b>	<b>126,373</b>		
<b>Other assets</b>								
Unamortized debt issue costs	1,497	64	(105)	0	1,456	1,598		
Due from affiliates	1,476	0	0	0	1,476	1,406		
Notes receivable	985	0	0	4,632	5,617	2,597		
Investments in unconsolidated affiliates	6,953	0	0	2,499	9,452	8,217		
Intangible assets	2,132	0	0	0	2,132	0		
Other	577	0	0	0	577	0		
<b>Total other assets</b>	<b>13,620</b>	<b>64</b>	<b>(105)</b>	<b>7,131</b>	<b>20,710</b>	<b>13,818</b>		
<b>TOTAL ASSETS</b>	<b>\$ 357,427</b>	<b>\$ 20,844</b>	<b>\$ (23,121)</b>	<b>\$ 3,461</b>	<b>\$ 358,611</b>	<b>\$ 336,941</b>		

Liabilities and Net Assets	In Thousands									
	Bellin Memorial Hospital, Inc and Subsidiaries	Bellin Psychiatric Center, Inc	Eliminate			Consolidated Total for Obligated Group				
			Oconto Hospital & Medical Center, Inc	Eliminations		2011	2010			
<b>Current liabilities.</b>										
Current portion of long-term liabilities.										
Bonds payable	\$ 3,505	\$ 171	\$ 0	\$ (171)	\$ 3,505	\$ 3,345				
Capital lease obligations	752	0	0	0	752	6,614				
Deferred compensation	88	0	0	0	88	88				
Deferred revenue	248	0	0	0	248	654				
Accounts payable	9,575	2	0	0	9,577	7,772				
Due to affiliates	0	617	(928)	311	0	0				
Accrued liabilities and other										
Employee payroll and benefits	15,307	895	(125)	0	16,077	18,721				
Other	6,988	40	(6)	0	7,022	5,590				
Amounts payable to third-party reimbursement programs	476	726	(98)	0	1,104	728				
<b>Total current liabilities</b>	<b>36,939</b>	<b>2,451</b>	<b>(1,157)</b>	<b>140</b>	<b>38,373</b>	<b>43,512</b>				
<b>Long-term liabilities - Less current portion</b>										
Bonds payable	92,748	3,758	(18,632)	822	78,696	82,127				
Capital lease obligations	4,101	0	0	0	4,101	1,122				
Interest rate swap agreement	10,223	0	0	0	10,223	8,386				
Deferred compensation	1,017	0	0	0	1,017	1,037				
Deferred revenue	875	0	0	0	875	1,099				
<b>Total long-term liabilities</b>	<b>108,964</b>	<b>3,758</b>	<b>(18,632)</b>	<b>822</b>	<b>94,912</b>	<b>93,771</b>				
<b>Total liabilities</b>	<b>145,903</b>	<b>6,209</b>	<b>(19,789)</b>	<b>962</b>	<b>133,285</b>	<b>137,283</b>				
<b>Net assets</b>										
<b>Obligated Group</b>										
Unrestricted	207,109	14,635	(3,332)	3,332	221,744	196,566				
Temporarily restricted	654	0	0	0	654	612				
Permanently restricted	2,249	0	0	0	2,249	2,219				
<b>Total net assets of Obligated Group</b>	<b>210,012</b>	<b>14,635</b>	<b>(3,332)</b>	<b>3,332</b>	<b>224,647</b>	<b>199,397</b>				
Noncontrolling interest	1,512	0	0	(833)	679	261				
<b>Total net assets</b>	<b>211,524</b>	<b>14,635</b>	<b>(3,332)</b>	<b>2,499</b>	<b>225,326</b>	<b>199,658</b>				
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 357,427</b>	<b>\$ 20,844</b>	<b>\$ (23,121)</b>	<b>\$ 3,461</b>	<b>\$ 358,611</b>	<b>\$ 336,941</b>				

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Statement of Operations and Changes in Net Assets - Obligated Group Year Ended September 30, 2011 (With Comparative Totals for the Year Ended September 30, 2010)

	In Thousands						Consolidated Total for Obligated Group			
	Bellin Memorial Hospital, Inc and Subsidiaries*	Bellin Psychiatric Center, Inc	Eliminate							
			Oconto Hospital & Medical Center, Inc	Eliminations	2011	2010				
<b>Revenue</b>										
Net patient service revenue	\$ 347,078	\$ 16,700	\$ (1,130)	\$ (1,144)	\$ 361,504	\$ 323,760				
Other revenue	9,429	169	(31)	0	9,567	9,286				
<b>Total revenue</b>	<b>356,507</b>	<b>16,869</b>	<b>(1,161)</b>	<b>(1,144)</b>	<b>371,071</b>	<b>333,046</b>				
<b>Expenses</b>										
Salaries and wages	144,549	10,625	(455)	0	154,719	131,953				
Benefits	32,032	2,329	(95)	0	34,266	31,261				
Contract services	18,999	1,510	(149)	(1,144)	19,216	15,804				
Medical supplies	52,752	53	(38)	0	52,767	50,357				
Supplies and other	25,845	1,544	(95)	0	27,294	23,846				
Administrative	6,653	100	(10)	0	6,743	5,443				
Repairs and maintenance	5,190	53	(28)	0	5,215	4,581				
Leases and rents	10,830	76	(37)	0	10,869	9,890				
Provision for bad debts	8,261	665	(101)	0	8,825	11,185				
Depreciation and amortization	17,541	294	(78)	0	17,757	16,176				
Interest	5,826	309	(60)	0	6,075	6,193				
<b>Total expenses</b>	<b>328,478</b>	<b>17,558</b>	<b>(1,146)</b>	<b>(1,144)</b>	<b>343,746</b>	<b>306,689</b>				
Income (loss) from operations	28,029	(689)	(15)	0	27,325	26,357				
<b>Other income (loss)</b>										
Investment income	2,161	218	0	0	2,379	5,278				
Contributions and other	(1,478)	0	(2)	13	(1,467)	(913)				
Revenue recognized on acquisition of Oconto Hospital	1,135	0	(1,513)	1,135	757	0				
Change in interest rate swap valuation	(1,837)	0	0	0	(1,837)	(2,697)				
Excess (deficiency) of revenue over expenses	28,010	(471)	(1,530)	1,148	27,157	28,025				
(Excess) deficiency of revenue over expenses attributable to the noncontrolling interest	(1,722)	0	0	382	(1,340)	301				
Excess (deficiency) of revenue over expenses attributable to Obligated Group	26,288	(471)	(1,530)	1,530	25,817	28,326				

\*Oconto Hospital is included effective July 1, 2011

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Statement of Operations and Changes in Net Assets - Obligated Group (Continued)

Year Ended September 30, 2011 (With Comparative Totals for the Year Ended September 30, 2010)

	In Thousands						
	Bellin Memorial Hospital, Inc and Subsidiaries*	Bellin Psychiatric Center, Inc	Eliminate			Consolidated Total for Obligated Group	
			Oconto Hospital & Medical Center, Inc	Eliminations		2011	2010
Excess (deficiency) of revenue over expenses attributable to Obligated Group (carried forward)	\$ 26,288	\$ (471)	\$ (1,530)	\$ 1,530	\$ 25,817	\$ 28,326	
Other changes in unrestricted net assets							
Change in interest in The Bellin Health Foundation, Inc	(1,274)	0	0	0	(1,274)	(731)	
Transfers to affiliates	(13)	0	0	0	(13)	(1,391)	
Net assets released from restrictions	649	0	0	0	649	3,045	
Dividends on common stock	0	0	0	0	0	51	
Increase (decrease) in unrestricted net assets	25,650	(471)	(1,530)	1,530	25,179	29,300	
Temporarily restricted net assets							
Change in interest in The Bellin Health Foundation, Inc	690	0	0	0	690	2,704	
Net assets released from restrictions	(649)	0	0	0	(649)	(3,045)	
Increase (decrease) in temporarily restricted net assets	41	0	0	0	41	(341)	
Permanently restricted net assets - Change in interest in The Bellin Health Foundation, Inc	30	0	0	0	30	560	
Increase (decrease) in net assets	25,721	(471)	(1,530)	1,530	25,250	29,519	
Net assets of Obligated Group at beginning*	184,291	15,106	(1,802)	1,802	199,397	169,878	
Net assets of Obligated Group at end	\$ 210,012	\$ 14,635	\$ (3,332)	\$ 3,332	\$ 224,647	\$ 199,397	

\*Oconto Hospital is included effective July 1, 2011

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Balance Sheet

September 30, 2011 (With Comparative Totals for September 30, 2010)

Assets	In Thousands			
	Total Obligated Group	Bellin Health Systems, Inc	Oconto Hospital & Medical Center, Inc	The Bellin Health Foundation, Inc
Current assets				
Cash and cash equivalents	\$ 48,778	\$ 0	\$ 320	\$ 133
Current portion of assets limited as to use	4,313	0	0	742
Accounts receivable - Net	48,663	0	826	0
Other receivables	605	100	175	0
Due from related parties	3,058	0	0	0
Inventories	5,111	0	0	0
Prepaid expenses and other	5,234	0	2	2
Total current assets	115,762	100	1,323	877
Investments	0	0	0	900
Assets limited as to use - Less current portion	79,679	0	13,929	3,737
Property and equipment - Net	142,460	0	7,764	0
Other assets				
Unamortized debt issue costs	1,456	0	105	0
Due from affiliates	1,476	0	0	0
Notes receivable	5,617	0	0	0
Investments in unconsolidated affiliates	9,452	343	0	0
Intangible assets	2,132	0	0	0
Other	577	0	0	0
Total other assets	20,710	343	105	0
<b>TOTAL ASSETS</b>	<b>\$ 358,611</b>	<b>\$ 443</b>	<b>\$ 23,121</b>	<b>\$ 5,514</b>

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In Thousands

Bellin College, Inc	Lake Michigan Health Care Services, Inc		Eliminations	Consolidated Total For All Entities	
				2011	2010
\$ 2,710	\$ 1,228	\$ 0	\$ 53,169	\$ 66,864	
812	0	0	5,867	5,999	
0	680	0	50,169	39,557	
116	0	(105)	891	835	
0	13	(3,009)	62	936	
0	930	0	6,041	5,636	
102	8	0	5,348	3,919	
3,740	2,859	(3,114)	121,547	123,746	
3,631	0	0	4,531	3,238	
9,922	0	(4,129)	103,138	87,671	
12,185	1,692	0	164,101	141,042	
26	0	0	1,587	1,627	
0	0	(1,476)	0	0	
0	0	(4,632)	985	2,596	
0	0	(2,499)	7,296	8,209	
0	0	0	2,132	0	
0	0	0	577	241	
26	0	(8,607)	12,577	12,673	
\$ 29,504	\$ 4,551	\$ (15,850)	\$ 405,894	\$ 368,370	

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Balance Sheet (Continued)

September 30, 2011 (With Comparative Totals for September 30, 2010)

Liabilities and Net Assets	In Thousands				
	Total Obligated Group	Bellin Health Systems, Inc	Oconto Hospital & Medical Center, Inc	The Bellin Health Foundation, Inc	
<b>Current liabilities</b>					
Current portion of long-term liabilities					
Bonds payable	\$ 3,505	\$ 0	\$ 0	\$ 0	0
Capital lease obligations	752	0	0	0	0
Deferred compensation	88	0	0	0	0
Deferred revenue	248	0	0	0	0
Accounts payable	9,577	0	0	0	0
Due to affiliates	0	343	928		608
Accrued liabilities and other					
Employee payroll and benefits	16,077	0	125		0
Other	7,022	13	6		126
Amounts payable to third-party reimbursement programs	1,104	0	98		0
<b>Total current liabilities</b>	<b>38,373</b>	<b>356</b>	<b>1,157</b>		<b>734</b>
<b>Long-term liabilities - Less current portion</b>					
Bonds payable	78,696	0	18,632		0
Capital lease obligations	4,101	0	0		0
Interest rate swap agreement	10,223	0	0		0
Deferred compensation	1,017	0	0		0
Deferred revenue	875	0	0		0
<b>Total long-term liabilities</b>	<b>94,912</b>	<b>0</b>	<b>18,632</b>		<b>0</b>
<b>Total liabilities</b>	<b>133,285</b>	<b>356</b>	<b>19,789</b>		<b>734</b>
<b>Net assets</b>					
Bellin Health Systems, Inc net assets					
Unrestricted	221,744	87	3,332		455
Temporarily restricted	654	0	0		2,583
Permanently restricted	2,249	0	0		1,742
<b>Total net assets of Bellin Health Systems, Inc</b>	<b>224,647</b>	<b>87</b>	<b>3,332</b>		<b>4,780</b>
Noncontrolling interest	679	0	0		0
<b>Total net assets</b>	<b>225,326</b>	<b>87</b>	<b>3,332</b>		<b>4,780</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 358,611</b>	<b>\$ 443</b>	<b>\$ 23,121</b>		<b>\$ 5,514</b>

In Thousands						
Bellin College, Inc	Lake Michigan Health Care Services, Inc			Consolidated Total For All Entities		
	and Subsidiaries	Eliminations	2011		2010	
			2011	2010	2011	2010
\$	317	0	\$ 3,822	\$ 3,755		
	0	0	752	6,614		
	0	0	88	88		
	333	0	581	941		
	34	289	9,900	8,044		
	1,631	1,232	(4,742)	0	0	
	289	329	16,820	19,380		
	19	33	7,219	5,682		
	0	0	1,202	729		
	2,623	1,883	(4,742)	40,384	45,233	
	4,990	0	(4,632)	97,686	88,782	
	0	0	0	4,101	1,122	
	0	0	0	10,223	8,386	
	0	0	0	1,017	1,037	
	0	0	0	875	1,099	
	4,990	0	(4,632)	113,902	100,426	
	7,613	1,883	(9,374)	154,286	145,659	
	11,813	2,668	(5,056)	235,043	206,108	
	1,653	0	(654)	4,236	5,769	
	8,425	0	(1,599)	10,817	10,573	
	21,891	2,668	(7,309)	250,096	222,450	
	0	0	833	1,512	261	
	21,891	2,668	(6,476)	251,608	222,711	
\$	29,504	\$ 4,551	\$ (15,850)	\$ 405,894	\$ 368,370	

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Statement of Operations and Changes in Net Assets

Year Ended September 30, 2011 (With Comparative Totals for the Year Ended September 30, 2010)

	In Thousands			
	Total Obligated Group	Bellin Health Systems, Inc	Oconto Hospital & Medical Center, Inc *	The Bellin Health Foundation, Inc
<b>Revenue</b>				
Net patient service revenue	\$ 361,504	\$ 0	\$ 1,130	\$ 0
Other operating revenue	9,567	0	31	142
<b>Total revenue</b>	<b>371,071</b>	<b>0</b>	<b>1,161</b>	<b>142</b>
<b>Expenses</b>				
Salaries and wages	154,719	0	455	281
Benefits	34,266	0	95	66
Contract services	19,216	0	149	35
Medical supplies	52,767	0	38	0
Supplies and other	27,294	0	95	499
Administrative	6,743	0	10	42
Repairs and maintenance	5,215	0	28	0
Leases and rents	10,869	0	37	1
Provision for bad debts	8,825	0	101	3
Depreciation and amortization	17,757	0	78	0
Interest	6,075	0	60	0
<b>Total expenses</b>	<b>343,746</b>	<b>0</b>	<b>1,146</b>	<b>927</b>
<b>Income (loss) from operations</b>	<b>27,325</b>	<b>0</b>	<b>15</b>	<b>(785)</b>
<b>Other income (loss)</b>				
Investment income (loss)	2,379	0	0	(13)
Contributions and other	(1,467)	0	2	233
Revenue recognized on acquisition of Oconto Hospital	757	0	1,513	0
Change in interest rate swap valuation	(1,837)	0	0	0
Credit for income taxes	0	0	0	0
<b>Excess (deficiency) of revenue over expenses</b>	<b>27,157</b>	<b>0</b>	<b>1,530</b>	<b>(565)</b>
<b>(Excess) deficiency of revenue over expenses attributable to noncontrolling interest</b>	<b>(1,340)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess (deficiency) of revenue over expenses attributable to Bellin Health Systems, Inc</b>	<b>25,817</b>	<b>0</b>	<b>1,530</b>	<b>(565)</b>

\*Oconto Hospital is included effective July 1, 2011

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In Thousands

Bellin College, Inc	Lake Michigan		Consolidated Total	
	Health Care Services, Inc		For All Entities	
	and Subsidiaries	Eliminations	2011	2010
\$ 0	\$ 12,008	\$ 0	\$ 374,642	\$ 334,483
6,463	0	(1,590)	14,613	13,732
<b>6,463</b>	<b>12,008</b>	<b>(1,590)</b>	<b>389,255</b>	<b>348,215</b>
3,361	3,285	0	162,101	138,391
757	874	0	36,058	32,832
63	144	0	19,607	16,113
10	6,128	0	58,943	55,824
513	745	(299)	28,847	25,439
390	216	0	7,401	6,147
31	168	0	5,442	4,715
42	1,669	(1,590)	11,028	10,144
4	14	0	8,947	11,199
671	460	0	18,966	17,302
253	0	0	6,388	6,461
<b>6,095</b>	<b>13,703</b>	<b>(1,889)</b>	<b>363,728</b>	<b>324,567</b>
368	(1,695)	299	25,527	23,648
1,293	0	0	3,659	6,344
93	(3)	(13)	(1,155)	(831)
0	0	(1,135)	1,135	0
0	0	0	(1,837)	(2,697)
0	279	0	279	15
<b>1,754</b>	<b>(1,419)</b>	<b>(849)</b>	<b>27,608</b>	<b>26,479</b>
<b>0</b>	<b>0</b>	<b>(382)</b>	<b>(1,722)</b>	<b>301</b>
<b>1,754</b>	<b>(1,419)</b>	<b>(1,231)</b>	<b>25,886</b>	<b>26,780</b>

# Bellin Health Systems, Inc. and Affiliates

## Consolidating Statement of Operations and Changes in Net Assets (Continued) Year Ended September 30, 2011 (With Comparative Totals for the Year Ended September 30, 2010)

	In Thousands			
	Total Obligated Group	Bellin Health Systems, Inc	Oconto Hospital & Medical Center, Inc *	The Bellin Health Foundation, Inc
Excess (deficiency) of revenue over expenses attributable to Bellin Health Systems, Inc (carried forward)	\$ 25,817	\$ 0	\$ 1,530	\$ (565)
Other changes in unrestricted net assets				
Change in interest in The Bellin Health Foundation, Inc	(1,274)	0	0	0
Transfers (to) from affiliates	(13)	0	0	(987)
Net assets released from restrictions	649	0	0	1,161
Increase (decrease) in unrestricted net assets	25,179	0	1,530	(391)
Temporarily restricted net assets				
Change in interest in The Bellin Health Foundation, Inc	690	0	0	0
Investment income	0	0	0	9
Contributions	0	0	0	609
Net assets released from restrictions	(649)	0	0	(1,161)
Increase (decrease) in temporarily restricted net assets	41	0	0	(543)
Permanently restricted net assets				
Change in interest in The Bellin Health Foundation, Inc	30	0	0	0
Contributions	0	0	0	139
Redesignation of net assets	0	0	0	(100)
Increase (decrease) in permanently restricted net assets	30	0	0	39
Increase (decrease) in net assets	25,250	0	1,530	(895)
Net assets of Bellin Health Systems, Inc at beginning*	199,397	87	1,802	5,675
Net assets of Bellin Health Systems, Inc at end	\$ 224,647	\$ 87	\$ 3,332	\$ 4,780

\*Oconto Hospital is included effective July 1, 2011

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In Thousands

Bellin College, Inc	Lake Michigan Health Care Services, Inc and Subsidiaries	Eliminations	Consolidated Total For All Entities	
			2011	2010
\$ 1,754	\$ (1,419)	\$ (1,231)	\$ 25,886	\$ 26,780
0	0	1,274	0	0
0	1,000	0	0	0
1,887	0	(648)	3,049	6,211
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
3,641	(419)	(605)	28,935	32,991
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	(690)	0	0
575	0	0	584	42
323	0	0	932	3,110
(1,887)	0	648	(3,049)	(6,211)
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(989)	0	(42)	(1,533)	(3,059)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	(30)	0	0
205	0	0	344	656
0	0	0	(100)	0
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
205	0	(30)	244	656
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,857	(419)	(677)	27,646	30,588
19,034	3,087	(6,632)	222,450	191,862
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 21,891	\$ 2,668	\$ (7,309)	\$ 250,096	\$ 222,450