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DLN: 93493216004242

Department of the Treasury

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)

2010

OMB No 1545-0047

Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements Internal Revenue Service calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011 A For the 2010 D Employer identification number Name of organization MEMORIAL HEALTH SYSTEM GROUP RETURN B Check if applicable 90-0756744 Address change Doing Business As Name change E Telephone number Initial return Number and street (or P O box if mail is not delivered to street address) Room/suite (217) 788-3000 701 NORTH FIRST STREET Terminated **G** Gross receipts \$ 950,919,800 City or town, state or country, and ZIP + 4 SPRINGFIELD, IL 62781 Amended return Application pending Name and address of principal officer **H(a)** Is this a group return for affiliates? ✓ Yes **EDGAR J CURTIS** 701 NORTH FIRST STREET ☐ Yes ☑ No **H(b)** Are all affiliates included? SPRINGFIELD,IL 62781 If "No," attach a list (see instructions) Group exemption number 🕨 501(c) () ◀ (insert no) Tax-exempt status **▽** 501(c)(3) **┌** ☐ 4947(a)(1) or ☐ 527 Website: ► WWW MHSIL COM K Form of organization
✓ Corporation
☐ Trust
☐ Association
☐ Other ► L Year of formation M State of legal domicile Part I Summary Briefly describe the organization's mission or most significant activities TO IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE Activities & Governance 2 Check this box | if the organization discontinued its operations or disposed of more than 25% of its net assets Number of voting members of the governing body (Part VI, line 1a) . . 101 Number of independent voting members of the governing body (Part VI, line 1b) . 4 49 6,255 5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) Total number of volunteers (estimate if necessary) 6 0 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 6,398,378 **b** Net unrelated business taxable income from Form 990-T, line 34 **7**b 0 **Current Year Prior Year** Contributions and grants (Part VIII, line 1h) . 8,342,369 4,849,898 Rayenue Program service revenue (Part VIII, line 2g) . 682,971,780 697,580,334 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . 4,264,741 9,334,461 16,186,886 18,813,043 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 11 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12 711,765,776 730,577,736 13 9,287,222 3,037,265 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) . 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines Expenses 283,742,163 301,090,474 16a Professional fundraising fees (Part IX, column (A), line 11e) . . 14,319 36,000 b Total fundraising expenses (Part IX, column (D), line 25) \blacktriangleright 482,249 **17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) . 377,174,135 401,154,757 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 670,217,839 705,318,496 19 Revenue less expenses Subtract line 18 from line 12 . 25,259,240 41,547,937 Net Assets or Fund Balances **Beginning of Current End of Year** Year 20 809,405,620 802,781,836 Total assets (Part X, line 16) . Total liabilities (Part X, line 26) . 459.739.516 410,250,929 22 349,666,104 392,530,907 Net assets or fund balances Subtract line 21 from line 20 Signature Block Part II 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. 2012-08-03 Signature of officer Sign Here ROBERT W KAY SENIOR VICE PRESIDENT & CFO Type or print name and title Print/Type preparer's name Check if self-Preparer's signature PTIN Date employed ▶ [Paid Firm's name | MCGLADREY LLP Fım's EIN

CHICAGO, IL 60606

May the IRS discuss this return with the preparer shown above? (see instructions) $\,$.

Firm's address 🕨 1 SOUTH WACKER SUITE 600

Preparer

Use Only

Phone no 🕨 (312) 634-

Γ

▽ Yes

Part III Statement of Program Service Accomplishments

Briefly describe the organization's mission

TO IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE

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

If "Yes," describe these changes on Schedule O

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 \$ 82,718,739 including grants of \$) (Revenue \$ 90,993,030

CARDIOVASCULARTHE PROGRAMS OF MEMORIAL MEDICAL CENTER'S HEART & VASCULAR SERVICES FOCUS ON REDUCING THE INCIDENCE OF CARDIAC AND VASCULAR DISEASE THROUGH PREVENTION PROGRAMS AND THE LATEST DIAGNOSTIC AND TREATMENT PROCEDURES, OUR GOAL IS TO WORK WITH PATIENTS TO ACHIEVE GREAT PATIENT OUTCOMES AND OPTIMUM LONG-TERM HEALTH IN FISCAL YEAR 2011, MEMORIAL MEDICAL CENTER'S CARDIAC CATH LAB PERFORMED 3,420 HEART CATHS, 1,779 CORONARY INTERVENTIONS, 2,120 ELECTROPHYSIOLOGY (EP) PROCEDURES, AND 1,084 VASCULAR CASES RECOGNIZED AS A LEADER AND INNOVATOR IN HEART AND VASCULAR TECHNOLOGY, THE MEMORIAL HEART & VASCULAR SERVICES TEAM ALSO PERFORMED 330 CORONARY BYPASS AND VALVE SURGERIES OTHER SERVICES INCLUDE NON-INVASIVE CARDIAC AND VASCULAR TESTING, CARDIAC AND PULMONARY REHABILITATION, VALVE CENTER, HEART FAILURE CLINIC, NUTRITION COUNSELING, AND SUPPORT GROUPS MEMORIAL MEDICAL CENTER IS A NATIONAL LEADER IN OUR RESPONSE TIME FOR TREATING HEART ATTACKS THE TIME IT TAKES TO RE-ESTABLISH BLOOD FLOW TO THE HEART IS CRITICAL IN SAVING A PATIENT'S LIFE THE AMERICAN COLLEGE OF CARDIOLOGY USES 90 MINUTES AS THE RECOMMENDED STANDARD OF CARE FOR BALLOON ANGIOPLASTY, MEANING NO MORE THAN 90 MINUTES SHOULD ELAPSE FROM THE MOMENT THE PATIENT COMES THROUGH THE HOSPITAL DOORS UNTIL BALLOON ANGIOPLASTY IS COMPLETED AND BLOOD FLOW IS RESTORED TO THE HEART MEMORIAL MEDICAL CENTER HAS BEEN RECOGNIZED BY THE AMERICAN COLLEGE OF CARDIOLOGY FOUNDATION FOR ITS COMMITMENT AND SUCCESS IN IMPLEMENTING HIGHER STANDARDS OF CARE FOR HEART ATTACK PATIENTS

4b (Code) (Expenses \$ 75,321,289 including grants of \$) (Revenue \$ 71,630,372)

SURGICAL SERVICES DEPARTMENTTHE SURGICAL SERVICES DEPARTMENT AT MEMORIAL MEDICAL CENTER PROVIDES A WIDE VARIETY OF INPATIENT AND OUTPATIENT SERVICES IN BOTH THE MAIN SURGERY AND CARDIAC SURGERY DEPARTMENTS BAYLIS DAY SURGERY IS UTILIZED FOR OUTPATIENT PROCEDURES MEMORIAL MEDICAL CENTER PERFORMED 20,227 SURGICAL PROCEDURES IN FY11 MEMORIAL MEDICAL CENTER CONTINUES TO STRIVE FOR EXCELLENCE IN PATIENT CARE IT HAS RECEIVED A RARE FIVEFOLD ACCREDITATION FOR ITS REHABILITATION SERVICES FROM THE COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF) MEMORIAL MEDICAL CENTER PROVIDES A WIDE RANGE OF CARDIAC, THORACIC AND VASCULAR PROCEDURES PROCEDURES PERFORMED IN THE CARDIAC SURGERY AREA INCLUDE CORONARY ARTERY BYPASS GRAFTING, VALVE REPLACEMENTS, PACEMAKER INSERTIONS, AND OTHER PERFORMED IN THE CARDIAC SURGERY AREA INCLUDE CORONARY ART ERY BYPASS GRAFTING, VALVE REPLACEMENTS, PACEMAKER INSERTIONS, AND OTHER VASCULAR PROCEDURES AND LUNG PROCEDURES A VARIETY OF SURGERIES ARE ROUTINELY PERFORMED TO ASSIST PATIENTS WITH EAR, NOSE AND THROAT CONDITIONS PROCEDURES SUCH AS TONSILLECTOMY, ADENOIDECTOMY, MYRINGOTOMY TUBE INSERTION, SEPTOPLASTY, FUNCTIONAL ENDOSCOPIC SINUS SURGERY, AND UVULOPALATOPLASTY (FOR TREATMENT OF SLEEP APNEA) ARE FREQUENTLY PERFORMED AT MEMORIAL MEDICAL CENTER RIGID AND/OR FLEXIBLE ENDOSCOPIC TECHNIQUES ARE USED FOR ESOPHAGOSCOPY, BRONCHOSCOPY, AND DIRECT LARYNGOSCOPY PROCEDURES FACIAL FRACTURES ARE TREATED USING VARIOUS PLATING SYSTEMS MAJOR SURGERIES OF THE EAR ARE PERFORMED USING TECHNIQUES TO IMPROVE OR RESTORE HEARING LOSS SURGERIES FOR THE DIAGNOSIS AND TREATMENT OF HEAD-AND-NECK CANCER ARE ALSO PERFORMED AN OPERATIVE MICROSCOPE IS FREQUENTLY USED TO PROVIDE THE VISUALIZATION NECESSARY FOR MANY ENT PROCEDURES STATE-OF-THE-ART COMPUTER-GUIDED TECHNOLOGY IS ALSO USED TO PROMOTE TREATMENT OF SOME ENT PROCEDURES TECHNIQUES EMPLOYING THE USE OF A CO2 LASER ARE ALSO AVAILABLE LAPAROSCOPIC TECHNOLOGY PROVIDES THE VISUALIZATION OF INTERNAL ORGANS WITH A TELESCOPE INSERTED THROUGH A SMALL ABDOMINAL INCISION THIS TECHNOLOGY IS USED FOR DIAGNOSIS AND TREATMENT OF DISEASE LAPAROSCOPIC TECHNIQUES ARE OFTEN USED TO REMOVE THE GALLBLADDER OR APPENDIX, OR FOR HERNIA REPAIR A WIDE RANGE OF PROCEDURES FOR CANCER OF THE COLON, LIVER, BREAST AND OTHER ANATOMICAL SITES ARE PERFORMED IN CONJUNCTION WITH THE CARE PROVIDED TO PATIENTS WHO COME TO MEMORIAL'S REGIONAL CANCER CENTER RADIOFREQUENCY TECHNOLOGY IS AVAILABLE TO ASSIST IN THE TREATMENT OF LIVER TUMORS SENTINEL NODE MAPPING IS USED IN THE IDENTIFICATION OF LYMPH NODES IN BREAST AND MELANOMA CANCERS A FULL RANGE OF SERVICES ARE AVAILABLE FOR PATIENTS NEEDING GYNECOLOGIC SURGERY LAPAROSCOPIC PROCEDURES ARE PERFORMED FOR DIAGNOSTIC PURPOSES AND OPERATIVE TREATMENT CO2 LASER THERAPY IS AVAILABLE FOR TREATMENT. A VARIETY OF OPERATIONS ARE COMPLETED TO ASSIST PATIENTS WITH REPRODUCTIVE DISORDERS, INCLUDING STERILIZATION REVERSAL, GIFT, AND IN-VITRO PROCEDURES. MALIGNANCIES INVOLVING THE REPRODUCTIVE ORGANS, INCLUDING CANCER OF THE CERVIX, UTERUS, AND OVARIES CAN BE TREATED WITH STATE-OF-THE-ART SURGICAL OPERATIONS, AND FACILITIES ARE AVAILABLE IN THE HOSPITAL FOR CHEMOTHERAPY OR RADIATION THERAPY MEMORIAL'S NEUROSURGICAL SERVICE ENCOMPASSES THE AREAS OF GENERAL SPINE (CERVICAL/THORACIC/LUMBAR DISCECTOMY, LAMINECTOMY), COMPLEX SPINE (SPINAL FUSION AND INSTRUMENTATION), PERIPHERAL NERVE (CARPAL TUNNEL SYNDROME AND ULNAR DECOMPRESSION), AND BRAIN AND SPINAL-TUMOR SURGERY STATE-OF-THE-ART TECHNOLOGY BASED ON COMPUTER GUIDANCE SERVICES KNOWN AS STEREOTACTIC RADIOIMAGING IS UTILIZED TO PROVIDE IMPROVED TREATMENTS FOR NEUROSURGICAL CONDITIONS, SUCH AS BRAIN TUMORS AND PHYSIOLOGIC-MOVEMENT DISORDERS ALSO AVAILABLE TO OUR PHYSICIANS IS A HIGHLY SOPHISTICATED COMPUTERIZED NAVIGATIONAL TECHNIQUE REFERRED TO AS AN IMAGE-GUIDED SYSTEM THIS SYSTEM OFFERS A THREE-DIMENSIONAL COMPUTERIZED ANATOMIC VISUALIZATION TO ASSIST THE NEUROSURGEON IN PINPOINTING THE OPERATIVE SITE AND PROMOTING PATIENT OUTCOMES MEMORIAL MEDICAL CENTER OFFERS OUTPATIENT AND INPATIENT OPHTHALMIC SERVICES STRABISMUS REPAIRS CORRECT EYE MUSCLE PROBLEMS IN SMALL CHILDREN OCCULOPLASTIC PROCEDURES OFFER PLASTIC RECONSTRUCTION FOR PATIENTS OF ALL AGES TREATMENT OPTIONS ARE AVAILABLE FOR PATIENTS WITH GLAUCOMA CATARACT SURGERY IS FREQUENTLY PERFORMED ON PATIENTS IN THE AGING POPULATION SPECIALTY TREATMENTS ARE AVAILABLE FOR PATIENTS WITH DISEASES AND INJURIES OF THE RETINA THESE INCLUDE LASER THERAPY, VITRECTOMY, SCLERAL BUCKLING, PLACEMENT OF SILICONE OIL, RETINAL TACK PLACEMENT, AND CRYOTHERAPY CORNEAL TRANSPLANTS ARE AVAILABLE FOR PATIENTS WHO HAVE SUFFERED DAMAGE TO THE CORNEA INNOVATIVE TREATMENT OPTIONS ARE AVAILABLE FOR PATIENTS SEEKING TREATMENT FOR ORAL AND MAXILLOFACIAL PROBLEMS OR FACIAL FRACTURES IN ADDITION TO ROUTINE DENTAL PROCEDURES, MEMORIAL OFFERS PROGRESSIVE SURGICAL TREATMENTS, INCLUDING THE USE OF A MANDIBULAR BONE TRANSPORT SYSTEM FOR TREATMENT OF PATIENTS WITH CANCER OF THE MANDIBLE THE RIGID EXTERNAL DISTRACTION SYSTEM IS AVAILABLE FOR PATIENTS WITH CRANIOMAXILLOFACIAL ANOMALIES ANOTHER TECHNICAL ADVANCEMENT IS THE MAXILLOFACIAL CEMENT SYSTEM USED FOR FACIAL-SKELETAL DEFORMITY REPAIRS AS WELL AS RIGID FIXATION FOR DENTAL-FACIAL DEFORMITY AND FRACTURE REPAIR MEMORIAL PROVIDES COMPREHENSIVE CARE FOR PATIENTS SEEKING PLASTIC AND RECONSTRUCTIVE SURGERY THESE PROCEDURES INCLUDE ROUTINE OUTPATIENT COSMETIC SURGERIES AS WELL AS EXTENSIVE RECONSTRUCTION OPERATIONS WHICH ARE AVAILABLE TO PATIENTS ADMITTED TO OUR REGIONAL BURN CENTER MICROSURGERY TECHNIQUES ARE USED ON VARIOUS PLASTIC RECONSTRUCTIVE PROCEDURES SUCH AS REATTACHMENT AND RESTORATION OF AMPUTATED DIGITS OR LIMBS A COMPREHENSIVE PLAN OF CARE IS OFFERED FOR PATIENTS WITH SKIN OR BREAST CANCER WHICH MAY INCLUDE THE USE OF TISSUE EXPANDERS, IMPLANTS OR VARIOUS FLAP RECONSTRUCTION TECHNIQUES

4c (Code) (Expenses \$ 62,154,064 including grants of \$) (Revenue \$ 81,794,650

ORTHOPEDICSMEMORIAL MEDICAL CENTER'S ORTHOPEDICS SERVICE OFFERS STATE-OF-THE-ART INTERDISCIPLINARY CARE FOR BONE AND JOINT DISORDERS WORKING WITH COMMUNITY ORTHOPEDIC SURGEONS, OUR TEAM OF HEALTHCARE PROFESSIONALS PROVIDES COMPREHENSIVE PATIENT EDUCATION, DIAGNOSTIC, SURGICAL AND REHABILITATION SERVICES FOR PATIENTS OF ALL AGES THESE SERVICES ARE PROVIDED IN THE PREMIER TREATMENT FACILITIES IN THE REGION MEMORIAL'S INNOVATIVE JOINTWORKS PROGRAM IS PART OF ORTHOPEDIC SERVICES THROUGH JOINTWORKS, ABOUT 1,200 PATIENTS UNDERGO HIP AND KNEE REPLACEMENTS AT MEMORIAL MEDICAL CENTER ANNUALLY AN EXPERIENCED TEAM OF ORTHOPEDIC SURGEONS, ANESTHESIOLOGISTS, NURSES, THERAPISTS, AND SOCIAL WORKERS GUIDES OUR PATIENTS FROM PRE-SURGERY EDUCATION THROUGH POST-SURGERY REHABILITATION DURING FY 11, MEMORIAL MEDICAL CENTER'S ORTHOPEDICS SERVICE COMPLETED 4,822 ORTHOPEDIC PROCEDURES THE JOINTWORKS PROGRAM PERFORMED 824 TOTAL KNEE REPLACEMENT PROCEDURES AND 394 TOTAL HIP REPLACEMENTS OTHER ORTHOPEDIC SERVICES INCLUDED 123 CERVICAL FUSION PROCEDURES, 100 CLOSED REDUCTION OF FRACTURE OF THE FEMUR, AND 98 LUMBAR FUSION PROCEDURES IN JANUARY, MEMORIAL ORTHOPEDICS BEGAN PARTICIPATING IN "OWN THE BONE", A NATIONAL DATABASE REGISTRY AND EDUCATION PROGRAM AIMED AT APPROPRIATE FOLLOW-UP CARE FOR FRACILITY FRACTURE PATIENTS IN JULY, THE JOINTWORKS PROGRAM RECEIVED CERTIFICATION FROM THE JOINT COMMISSION FOR HIP REPLACEMENT AND KNEE REPLACEMENT SURGERY IN OCTOBER, MEMORIAL ORTHOPEDICS BEGAN AN INTERNAL REGISTRY FOR HIP AND KNEE REPLACEMENT SURGERY

4d Other program services (Describe in Schedule O) See also Additional Data for Description

(Expenses \$ 378,727,295 including grants of \$ 3,037,265) (Revenue \$ 461,506,378)

4e Total program service expenses►\$ 598,921,387

Part TV	Checklist of	Required	Schedules
	CHCCKHSCOL	IXCUUII CU	Scriculics

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

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		N o
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)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If</i> "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
а	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			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		N o
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	Yes	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	
		F	orm 990	(2010)

Part V	Statements Regarding Other IRS Filings and Tax Compliance	

la	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable		Yes	No
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable			
	1b 0			
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1 c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	20	163	
la	Did the organization have unrelated business gross income of \$1,000 or more during the year?	За	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
la	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		No
b	If "Yes," enter the name of the foreign country			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
ā	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
С	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
ā	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	Yes	
ь ,	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	Yes	
	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7 c		No
	If "Yes," indicate the number of Forms 8282 filed during the year			
е	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		Νo
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7 g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
}	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
	Sponsoring organizations maintaining donor advised funds.			
	Did the organization make any taxable distributions under section 4966?	9a		
ь 0	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
.3	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13a		
b	Enter the amount of reserves the organization is required to maintain by the states			
c	Enter the amount of reserves on hand			
4 2	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14a 14b		110

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.

Se	ection A. Governing Body and Management			
			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year			
b	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?	2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		Νo
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		Νo
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No
	ection B. Policies (This Section B requests information about policies not required by the Internal			
Re	evenue Code.)		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a	165	No
	If "Yes," does the organization have written policies and procedures governing the activities of such chapters,	10b		110
11a	affiliates, and branches to ensure their operations are consistent with those of the organization? Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	100		
		11a		Νo
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
С	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
а	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	
Se	ection C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed►IL			
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)			

- Own website Another's website V Upon request
- 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 🕨 ROBERT WKAY SVP & CFO 701 NORTH FIRST STREET

SPRINGFIELD, IL 62781 (217) 788-3198

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 organ	nization nor any r	sate	ee									
(A) Name and Title	(B) Average hours	(C) Position (check all that apply)			Position (check all that apply)					(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations		
See Additional Data Table												

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

	(A) Name and Title	(B) Average hours per	(C) Position (check all that apply)						(D) Reportable compensation	(E) Reportable compensation		(F) Estima amount of compens	ted fother
		week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099 MISC)	s	from t organizati relate organiza	he on and ed
See A	dditional Data Table												
				 	<u> </u>	 	<u> </u>						
				\vdash	\vdash	_		+					
				<u> </u>		-							
				<u> </u>		-	<u> </u>	-					
				<u> </u>	<u> </u>	_		_					
				<u> </u>									
1b	Sub-Total				٠.	٠.		•					
С	Total from continuation sheets						*						
d	Total (add lines 1b and 1c) .							•	6,300,572	2,172,98	86	2,0	27,037
2	Total number of individuals (inc \$100,000 in reportable compe						above) who	received more tha	n			
												Yes	No
3	Did the organization list any fo on line 1a? <i>If</i> "Yes," complete So							ee, o	or highest compens	ated employee	3	Yes	
4	For any individual listed on line												
	organization and related organi individual									cn • • • •	4	Yes	

			103	140
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If</i> " <i>Yes,"</i> complete Schedule <i>J</i> for such individual	3	Yes	
1	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	Yes	-
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule I for such person $\cdot \cdot \cdot \cdot \cdot \cdot \cdot \cdot$.	5		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
HAROLD O'SHEA BUILDERS INC 3401 CONSTITUTION DR SPRINGFIELD, IL 62711	CONSTRUCTION	32,217,451
SIU SCHOOL OF MEDICINE PO BOX 19607 SPRINGFIELD, IL 62794	PHYSICIAN SERVICES	13,559,672
O'SHEAMCCARTHY JV 1341 N ROCK HILL ROAD ST LOUIS, MO 63124	CONSTRUCTION	10,163,875
MIDWEST EMERGENCY DEPARTMENT SPECIALIST 2000 SPRING RD SUITE 200 OAKBROOK, IL 60523	ER STAFFING	3,969,537
SIEMENS MEDICAL SOLUTIONS DEPT CH 14195 PALATINE, IL 60055	PREVENTIVE MAINTENANCE	3,115,056
2 Total number of independent contractors (including but not limited to those listed above) \$100,000 in compensation from the organization ►306) who received more than	

Part V		2010)					Pag	e 9
	/111	Statement of Reven	ue	T	(A)	(B)	(C)	(D)
					Total revenue	Related or	Unrelated	Revenue
						exempt function	business revenue	from
						revenue		tax under
								sections
								512, 513, or
14 - 1				6,032				514
ants ints		Federated campaigns	1a					
36		Membership dues		274 240				
#. #. #.		Fundraising events		274,248				
% <u>E</u>		Related organizations		588,628				
Contributions, gifts, grants and other similar amounts	_	Government grants (contributions)		1,677,927				
ë f	-	All other contributions, gifts, grants similar amounts not included above	e	2,303,063				
벌	g	Noncash contributions included in li	nes 1a-1f \$	14,342				
2 =	h	Total. Add lines 1a-1f	· · · · · · · · · · · · · · · · · · ·		4,849,898			
elle				Business Code				
ueve	2a	PATIENT SERVICE REV		900099	608,606,655	608,606,655		
<u>7</u> ₹		PROGRAM RELATED REV		900099	64,839,332	64,839,332		
ž		PARTNERSHIP INCOME		531190	7,323,898			
33		HOME HEALTH SERVICES		621610	7,229,706			
ran L		HOSPICE SERVICES All other program service re-	venue	621610	5,792,280	5,792,280 2,996,565		791,898
Program Service Revenue		Total. Add lines 2a-2f			3,788,463 697,580,334			,
-		Investment income (including			697,360,334			
		and other similar amounts)	·		6,525,563			6,525,563
	4	Income from investment of tax-ex	empt bond proceeds		35,067			35,067
	5	Royalties						
			(ı) Real	(II) Personal				
		Gross Rents Less rental	1,539,230 525,480					
	_	expenses						
		Rental income or (loss)	1,013,750					
_	d	Net rental income or (loss)			1,013,750			1,013,750
	7a	Gross amount	(ı) Securities 219,031,438	(II) O ther 3,312,948				
		from sales of assets other	, ,					
		than inventory Less cost or	216,628,668	2,941,887				
	_	other basis and sales expenses	,,	_,,,				
	c	Gain or (loss)	2,402,770	371,061				
,		Net gain or (loss)			2,773,831			2,773,831
e n		Gross income from fundraisii (not including	ng events					
Other Revenue		\$ 274,248	l.ma 1 a)					
&		of contributions reported on See Part IV, line 18						
Ter.			а	301,715				
ੂ≅ ∣		Less direct expenses . Net income or (loss) from ful		246,029	55,686			55,686
			ctivities See Part IV, line 19 .	a	33,000			33,000
				_ b				
	С	Net income or (loss) from ga	ming activities					
		Gross sales of inventory, les returns and allowances	s					
		recums and anowances	a					
		Less cost of goods sold .						
, [С	Net income or (loss) from sa	les of inventory 🟲					
	112	Miscellaneous Revenue		Business Code 621500	5,242,746		5,242,746	
' -		REFERENCE LAB REVENUE CAFETERIA REVENUE	<u> </u>	722320	4,697,329			4,560,646
	n	CULLICITY KEAEURE		561300	723,105		723,105	
<u>-</u>		EMPLOYMENT SERVICES			•	1	l	
 	c	EMPLOYMENT SERVICES All other revenue			7,080,427	6,139,429	295,844	645,154
	c d				· · ·	, ,	295,844	645,154
	c d e	All other revenue Total. Add lines 11a-11d			7,080,427 17,743,607	, ,	295,844	645,154
	c d e	All other revenue			· · ·	, ,	6,398,378	

	990 (2010)				Page 10
Par	IX Statement of Functional Expenses				
Δ	Section $501(c)(3)$ and $501(c)(4)$ organizations must lother organizations must complete column (A) but are not required to c			(D)	
Do no	other organizations must complete column (x) but are not required to continuous times of the column	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,970,805	1,970,805	успетаг схрепосо	скрепзез
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	1,066,460	1,066,460		
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	3,138,607	1,512,183	1,485,607	140,817
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	170,138	47,447	24,538	98,153
7	Other salaries and wages	223,627,196	203,928,748	19,622,475	75,973
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	23,662,318	21,430,160	2,232,158	,
9	Other employee benefits	34,527,820	31,216,477	3,241,207	70,136
10	Payroll taxes	15,964,395	14,376,935	1,570,489	16,971
a	Fees for services (non-employees) Management	2,867,416	11,570,553	2,867,416	10,371
ь	Legal	762,790		762,790	
c	Accounting	32,235		32,235	
d	Lobbying	44,669		44,669	
e	Professional fundraising services See Part IV, line 17	36,000		11,003	36,000
f	Investment management fees	1,330,534	120,106	1,210,428	30,000
g	Other	69,295,216	57,102,551	12,192,665	
12	Advertising and promotion	1,172,862	68,922	1,102,392	1,548
13	Office expenses	19,184,819	16,037,686		20,597
14	Information technology	11,595,102	10,232,648	 	83
15	Royalties	11,353,102	10,232,010	1,302,371	
16	Occupancy	18,888,910	17,189,140	1,699,770	
17	Travel	1,258,537	1,114,803	143,631	103
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	1,230,337	1,114,003	143,031	
19	Conferences, conventions, and meetings	551,206	362,218	188,988	
20	Interest	8,269,372	6,738,132	1,531,240	
21	Payments to affiliates				_
22	Depreciation, depletion, and amortization	31,499,370	26,257,075	5,242,295	
23	Insurance	4,020,795	21,328	3,999,467	
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	PATIENT SERV SUPPLIES	85,026,791	85,026,791	0	
b	PURCHASED CONTR SERVIC	37,803,729	37,348,520	455,209	
C	MANAGEMENT FEE	36,248,011	398,652	35,849,359	
d	DRUGS	19,294,270	19,294,270		
е	PROV FOR UNCOLLECTABLE	18,149,609	16,602,490	1,547,119	
f	All other expenses	33,858,514	29,456,840	4,379,806	21,868
25	Total functional expenses. Add lines 1 through 24f	705,318,496	598,921,387	105,914,860	482,249
26	Joint costs. Check here ► ☐ If following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a				
	combined educational campaign and fundraising solicitation			<u> </u>	000 (2010)

Pa	rt X	Balance Sheet							
					(A) Beginning of year		(B) End of year		
	1	Cash—non-interest-bearing			6,214,073	1	7,850,566		
	2	Savings and temporary cash investments			132,342,317	2	68,055,507		
	3	Pledges and grants receivable, net			2,021,755	3	1,500,704		
	4	Accounts receivable, net			104,673,675	4	128,443,126		
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	s, key	employees, and					
		Schedule L	<u> </u>						
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$, and contributing esponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)	mploy	ers, and					
ets		Schedule L				6			
ssets	7	Notes and loans receivable, net			26,560	7	129,793		
⋖	8	Inventories for sale or use			10,606,969	8	10,662,837		
	9	Prepaid expenses and deferred charges			11,011,891	9	7,862,118		
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	506,587,807					
	b	Less accumulated depreciation	10b	242,959,159	221,218,847	10 c	263,628,648		
	11	Investments—publicly traded securities		258,582,306	11	260,997,893			
	12	Investments—other securities See Part IV, line 11			8,253,386	12	6,381,443		
	13	Investments—program-related See Part IV, line 11				13			
	14	Intangible assets							
	15	Other assets See Part IV, line 11			54,453,841	15	47,269,201		
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			809,405,620	16	802,781,836		
	17	Accounts payable and accrued expenses .			71,853,338	17	61,483,167		
	18	Grants payable			194,323	18	224,782		
	19	Deferred revenue			11,086,747	19	5,687,849		
	20	Tax-exempt bond liabilities			179,018,200	20	177,033,644		
- S	21	Escrow or custodial account liability Complete Part IV of Schedu	le D			21			
bilities	22	Payables to current and former officers, directors, trustees, kee employees, highest compensated employees, and disqualified							
Lia		persons Complete Part II of Schedule L				22			
	23	Secured mortgages and notes payable to unrelated third partie	s .		16,870,000	23	15,070,000		
	24	Unsecured notes and loans payable to unrelated third parties				24	_		
	25	Other liabilities Complete Part X of Schedule D			180,716,908	25	150,751,487		
	26	Total liabilities. Add lines 17 through 25			459,739,516	26	410,250,929		
		Organizations that follow SFAS 117, check here ► 🔽 and com	plete	lines 27					
ġ		through 29, and lines 33 and 34.							
띪	27	Unrestricted net assets			304,310,763	27	346,852,884		
8	28	Temporarily restricted net assets			40,458,307	28	40,739,279		
돧	29	Permanently restricted net assets		4,897,034	29	4,938,744			
Fund Balances		Organizations that do not follow SFAS 117, check here ► ┌ a	nd cor	nplete					
ŏ		lines 30 through 34.							
	30	Capital stock or trust principal, or current funds				30			
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31			
	32	Retained earnings, endowment, accumulated income, or other f	unds			32			
¥	33	Total net assets or fund balances			349,666,104		392,530,907		
	34	Total liabilities and net assets/fund balances		809,405,620	34	802,781,836			

Pal	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		730,5	577,73
2	Total expenses (must equal Part IX, column (A), line 25)	2			318,49
3	Revenue less expenses Subtract line 2 from line 1	3		25,2	259,24
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		349,6	566,10
5	Other changes in net assets or fund balances (explain in Schedule O)	5		17,6	505,56
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		392,5	30,90
Par	TXII Financial Statements and Reporting Check If Schedule O contains a response to any question in this Part XII			୮	
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O		_		
		•	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were is on a separate basis, consolidated basis, or both	ssuea			
	Separate basis Consolidated basis Both consolidated and separated basis				
За	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?	9	За	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the reaudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b	Yes	

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As Filed Data -

DLN: 93493216004242

OMB No 1545-0047

OMB No 1545-004

2040

2010

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

MEMORIAL HEALTH SYSTEM GROUP RETURN

Department of the Treasury Internal Revenue Service Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

Public Charity Status and Public Support

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

ns. Inspection
Employer identification number

90-0756744

Pai	rt I	Reas	on tor Pu	blic Charity Stat	tus (All org	ganızatıons	must comp	plete this p	art.) See in	structions			
he o	rganız	zation is	not a privat	e foundation becaus	eıtıs (Forl	ınes 1 throu	gh 11, check	only one bo	x)	-			
1	Γ	A chur	ch, conventi	on of churches, or as	sociation of	churches de	escribed in s e	ection 170(b)(1)(A)(i).				
2	\sqcap	A scho	ol described	in section 170(b)(1)(A)(ii). (At	tach Schedu	ıle E)						
3	굣	A hosp	ıtal or a coo	perative hospital sei	rvice organiz	atıon descri	bed in sectio	n 170(b)(1)	(A)(iii).				
4	Γ			n organization operat ty, and state	ed in conjun	ction with a	hospital desc	cribed in sec	tion 170(b)(1)(A)(iii). Er	iter the		
5	Γ	An orga	anızatıon op	erated for the benefit	of a college	or universit	y owned or o	perated by a	government	al unit descr	ıbed ın		
		sect ion	170(b)(1)(A)(iv). (Complete P	art II)								
6	Γ	A feder	al, state, or	local government or	government	al unit desci	rıbed ın secti	on 170(b)(1)(A)(v).				
7	Γ	describ	ed in	at normally receives		il part of its :	support from	a governme	ntal unit or fr	om the gene	ral public		
0	_	section 170(b)(1)(A)(vi) (Complete Part II) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)											
8 9	<u> </u>								uitiana mam	harabın faas	and gross		
9	1	_		at normally receives ities related to its ex							_		
				oss investment incor									
		-	-	ganızatıon after June				-		tax) II o III bus	messes		
LO	Г	-	-	ganized and operated	•			-					
l 1	,	_		-	•	-	· ·			o carrv out th	ne purposes of		
	,	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 III c Type III - Functionally integrated d Type III - Other											
e	Γ	other tl		ox, I certify that the on managers and oth									
f				received a written de	etermination	from the IRS	S that it is a 1	Гуре I, Туре	· II or Type I	II supporting	g organization,		
			this box						6.1		Г		
g			August 1/, 2 ng persons?	2006, has the organi	zation accep	ited any gift	or contribution	on from any	of the				
				rectly or indirectly c	ontrols, eithe	er alone or to	gether with p	persons des	cribed in (ii)		Yes No		
		and (III) below, the	governing body of th	e the suppor	ted organiza	tion?			11g(i)		
		(ii) a fa	mily membe	er of a person describ	bed in (i) abo	ve?				11g (i	ii)		
		(iii) a 3	35% control	led entity of a persor	n described i	n (ı) or (ıı) a	bove?			11g(i	ii)		
h		Provide	the followin	ng information about	the supporte	ed organızatı	on(s)						
S	(i) Name suppor ganiza	of ted	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you not organizati col (i) of suppor	on in your	(vi) Is th organizat col (i) org in the U	e Ion In anized	(vii) A mount of support		
				instructions))	Yes	No	Yes	No	Yes	No	1		

Total

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.)

S	ection A. Public Support		and to quanty t			out complete						
	endar year (or fiscal year beginning											
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total					
1	Gifts, grants, contributions, and											
	membership fees received (Do not											
	ınclude any "unusual											
	grants ")											
2	Tax revenues levied for the											
	organization's benefit and either											
	paid to or expended on its											
_	behalf											
3	The value of services or facilities											
	furnished by a governmental unit to											
_	the organization without charge											
4	Total. Add lines 1 through 3											
5	The portion of total contributions											
	by each person (other than a											
	governmental unit or publicly											
	supported organization) included on line 1 that exceeds 2% of the											
	amount shown on line 11, column											
	(f)											
6	Public Support. Subtract line 5 from											
Ū	line 4											
S	ection B. Total Support		<u> </u>	I I.								
	endar year (or fiscal year beginning											
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total					
7	A mounts from line 4											
8	Gross income from interest,											
Ū	dividends, payments received on											
	securities loans, rents, royalties											
	and income from similar											
	sources											
9	Net income from unrelated											
	business activities, whether or											
	not the business is regularly											
	carried on											
10	Other income Do not include gain											
	or loss from the sale of capital											
	assets (Explain in Part IV)											
11	Total support (Add lines 7											
	through 10)					<u> </u>						
12	Gross receipts from related activiti	es, etc (See inst	ructions)			12						
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı						
	check this box and stop here						►					
	-tiC Ct-tiC D-l	L'a Carana at B										
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))								
	· ·		•	II Column (1))		14						
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15						
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check						
_	and stop here. The organization qua						▶ □					
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -					
	box and stop here. The organization				45.46		►					
1/a	7a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain											
							rt a d					
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo						
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □					
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ											
	Explain in Part IV how the organization						V					
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯					
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see											
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	▶ □					

organization

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 (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year c Add lines 7a and 7b Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) 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 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 Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 18 19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported

33 1/3% support tests-2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line

18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

▶□

Part IV

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

Explanation

SCHEDULE A, PART IV, SUPPLEMENTAL INFORMATION MEMBER'S OF THE GROUP REASON FOR PUBLIC CHARITY STATUS BELOW MEMORIAL MEDICAL CENTER PART I LINE 3 HOSPITAL OR COOPERATIVE HOSPITAL SERVICE ORGANIZATION DESCRIBED IN SECTION 170(B)(1)(A)(III) ABRAHAM LINCOLN MEMORIAL HOSPITAL PART I LINE 3 HOSPITAL OR COOPERATIVE HOSPITAL SERVICE ORGANIZATION DESCRIBED IN SECTION 170(B)(1)(A)(III) TAYLORVILLE MEMORIAL HOSPITAL PART I LINE 3 HOSPITAL OR COOPERATIVE HOSPITAL SERVICE ORGANIZATION DESCRIBED IN SECTION 170(B)(1) (A)(III) MEMORIAL HEALTH VENTURES PART I LINE 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)(3) B TYPE II LINE 11E NO, 11F NO, 11G (I)(II)(III) NO, 11H (I)SUPPORTS MMC (II)37-06612203 (III) (IV) YES, (V) YES (VI) YES (VII)\$0 MEMORIAL HOME SERVICES PART I LINE 9 AN ORGANIZATION THAT NORMALLY RECEIVES (1) MORE THAN 33 1/3% OF ITS SUPPORT FROM CONTRIBUTIONS, MEMBERSHIPS 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 FROM BUSINESS ACQUIRED BY THE ORGANIZATION AFTER JUNE 30, 1975 MEMORIAL PHYSICIAN SERVICES PART I LINE 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)(3) B TYPE II SPRINGFIELD RESIDENTIAL SERVICES PART I LINE 9 AN ORGANIZATION THAT NORMALLY RECEIVES (1) MORE THAN 33 1/3% OF ITS SUPPORT FROM CONTRIBUTIONS, MEMBERSHIPS 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 FROM BUSINESS ACQUIRED BY THE ORGANIZATION AFTER JUNE 30, 1975 MEMORIAL MEDICAL CENTER FOUNDATION PART I LINE 7 IS AN ORGANIZATION THAT NORMALLY RECIVES A SUBSTANTIAL PART OF ITS SUPPORT FROM A GOVERNMENTAL UNIT OR FROM THE GENERAL PUBLIC DESCRIBED IN SECTION 170(B)(1)(A)(VI) ABRAHAM LINCOLN HEALTHCARE FOUNDATION PART I LINE 7 IS AN ORGANIZATION THAT NORMALLY RECIVES A SUBSTANTIAL PART OF ITS SUPPORT FROM A GOVERNMENTAL UNIT OR FROM THE GENERAL PUBLIC DESCRIBED IN SECTION 170(B)(1)(A)(VI) TAYLORVILLE MEMORIAL HEALTHCARE FOUNDATION PART I LINE 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) B TYPE III LINE 11E NO, 11F NO, 11G (I)(II)(III) NO, 11H (I)SUPPORTS TMH (II)37-06612503 (III) (IV) YES, (V) YES (VI) YES (VII)

Software ID: Software Version:

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

Compensated Employees, and Independent Contractors											
(A) Name and Title	(B) Average hours		(C tion (hat a	che		II		(D) Reportable compensation from the	(E) Reportable compensation	(F) Estimated amount of other	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
A KRAIG KRAUSE BOARD MEMBER ALMF	70	Х						0	0	0	
CLYDE R REYNOLDS TREASURER ALMF	70	Х		х				0	0	0	
ERIC D GRAUE VICE CHAIR/CHAIR ALMF	70	Х		Х				0	0	0	
FRANCES C GUZZARDO BOARD MEMBER ALMF	70	Х						0	0	0	
GAIL NUNNERY BOARD MEMBER/VICE CHAIR ALMF	70	Х		Х				0	0	0	
HAROLD L DRAKE BOARD MEMBER ALMF	70	Х						0	0	0	
JAMES R DREW BOARD MEMBER ALMF	70	Х						0	0	0	
JOAN GRAUE BOARD MEMBER ALMF	70	Х						0	0	0	
JUDITH N LOZIER BOARD MEMBER ALMF	70	Х						0	0	0	
KAREN SAMS DAVIS BOARD MEMBER ALMF	70	Х						0	0	0	
KENT E CROSS BOARD MEMBER ALMF	70	Х						0	0	0	
MARY ROSE MOREHEAD BOARD MEMBER ALMF	70	Х						0	0	0	
PAMELA K WHITE BOARD MEMBER ALHMF	70	Х						0	0	0	
ROBERT BD ARNEAUD SECRETARY ALMF	70	Х		X				0	0	0	
SHIRLEY S EDWARDS BOARD MEMBER ALMF	70	Х						0	0	0	
A PATRICK DOOLIN BOARD MEMBER ALMH	70	Х						0	0	0	
BRADLEY E NEAL CHAIR ELECT ALMH/BOARD MEM ALMF	70	Х						0	0	0	
DAVID A CAMPBELL PAST CHAIR ALMH/BOARD MEMBER ALMF	70	Х		Х				0	0	0	
DENNIS M CARROLL MD BOARD MEMBER ALMH	70	X						0	0	0	
JOANN MCCULLOUGH AUX PRES BOARD MEMBER ALMH ALMF	70	Х						0	0	0	
MARY BETH SPARKS BOARD MEMBER ALMH/ALHF	70	Х						0	0	0	
MARY CONRADY CHAIRMAN ELECT/CHAIR ALMH	70	Х						0	0	0	
MARY S MCLAUGHLIN BOARD MEMBER ALMH	70	Х						0	0	0	
MELISSA L COX MD BOARD MEMBER ALMH	70	Х						0	0	0	
REV ANDREW NYREN BOARD MEMBER ALMH	70	Х						0	0	0	

Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per	Posi t	tion (that a	che		_	ı	(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
REV ROBERT HENDERSON TREASURER ALMH	70	Х		х				0	0	0
RICHARD A HAMM BOARD MEMBER ALMH	70	Х						0	0	0
RICHARD BIVIN MD BOARD MEMBER ALMH	50 00	Х						249,769	0	49,769
RONALD SCHILLING BOARD MEMBER ALMH	70	Х						0	0	0
STEVEN D AUGHENBAUGH CHAIRMAN/SECRETARY ALMH	70	Х		х				0	0	0
ELAINE YOUNG SEC TREAS MHSVC/MHV	50 00	Х		х				0	247,187	44,482
KEVIN ENGLAND DIR MHSVC/PRES MHV	50 00	Х		х				0	313,740	68,774
THOMAS WESTRICK PRESIDENT MHSVC	50 00	Х		х				180,143	0	11,227
DOLAN DALPOAS DIR MHSVC/PRES ALMH ALMF	50 00	Х		х				265,113	0	46,356
DANIEL RAAB DIR MHSVC/PRES TMH TMHF	50 00	Х		х				244,901	0	42,669
CAROL J POSEGATE SECRETARY MMC	80	Х		х				0	0	0
CLIFTON R BAXTER BOARD MEMBER MMC	1 10	Х						0	0	0
DALE M BECKER TREASURER MMC MMCF	80	Х		х				0	0	0
DEAN E ROBERT BOARD MEMBER MMC	40	Х						0	0	0
DIANE K RUTLEDGE PHD BOARD MEMBER MMC	1 00	Х						0	0	0
DWIGHT H O'KEEFE III PAST CHAIR MMC/TREAS MMC	1 50	Х		х				0	0	0
FRANK V AGUIRRE MD BOARD MEMBER MMC	60	Х						0	0	0
J ERIC BLEYER MD BOARD MEMBER MMC	70	Х						0	0	0
JAMES P BRUNER 1ST/2ND VICE CHAIR MMC	1 70	Х		х				0	0	0
JERRY E KRUSE MD BOARD MEMBER MMC	30	Х						0	0	0
JOHN D BLACKBURN TREASURER/2ND VICE CHAIR MMC	1 70	Х		х				0	0	0
JOSEPH M HURWITZ 1ST VICE CHAIR/CHAIR MMC	1 00	Х		х				0	0	0
MARK H FERGUSON PAST CHAIR/CHAIR MMC	1 60	Х		х				0	0	0
MICHAEL A PICK MD BOARD MEMBER MMC	70	Х						0	0	0
NINA M HARRIS BOARD MEMBER MMC	1 00	х						0	0	0

Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per		tion (che)			(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	week	individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
WILLIAM A SIMPSON BOARD MEMBER MMC	70	Х						0	0	0
WILLIAM R ENLOW BOARD MEMBER MMC	1 00	×						0	0	0
EDGAR CURTIS BRD MEMBER CEO MMC/MMCF/MPS	50 00	Х		х				0	666,927	458,534
ROBERT KAY BRD MEM MMC/VC MHSVC/SEC TR MPS	50 00	Х		Х				0	410,448	231,627
ANN COOMBE BOARD MEMBER MMCF	70	Х						0	0	0
ANN P ROBERT BOARD MEMBER MMCF	70	Х						0	0	0
BRADLEY J NIKLES BOARD MEMBER MMCF ALMH	70	Х						0	0	0
BRIDGET L LAMONT BOARD MEMBER MMCF	70	Х						0	0	0
CRAIG R SCHERMERHORN CHAIR/VICE CHAIR MMCF	70	Х		х				0	0	0
DAVID L GRIFFEN MD BOARD MEMBER MMCF MMC	70	Х						0	0	0
DONALD A ALTORFER BOARD MEMBER MMCF	70	Х						0	0	0
ELVIN G ZOOK MD BOARD MEMBER MMCF	70	Х						0	0	0
GARY D NEUBAUER BOARD MEMBER/SECREATARY MMCF	70	Х		х				0	0	0
GEOFFREY ISRINGHAUSEN BOARD MEMBER MMCF MMC	70	Х						0	0	0
J CHRISTOPHER SMITH VICE CHAIR/CHAIR MMCF	70	Х		х				0	0	0
JULIE CELLINI BOARD MEMBER MMCF	70	Х						0	0	0
MICHAEL A AIELLO BOARD MEMBER MMCF	70	Х						0	0	0
MICHAEL A MYERS BOARD MEMBER MMCF	70	Х						0	0	0
MICHAEL E O'SHEA BOARD MEMBER MMCF	70	Х						0	0	0
R LEE ALLEN BOARD MEMBER MMCF	70	Х						0	0	0
ROY NEWMAN BOARD MEMBER MMCF	70	Х						0	0	0
STEPHEN L PATTON SECRETARY MMCF	70	Х		х				0	0	0
MARK HANSEN MD BOARD MEMBER MPS	50 00	Х						621,070	0	93,472
MARSHALL HALE MD CHAIR MPS	50 00	Х		х				300,837	0	58,691
PAUL KASA MD BOARD MEMBER ALMH MPS	50 00	Х						213,223	0	43,244

(A) Name and Title	(B) Average hours	Posi t				II		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week	Individual trustee or director	Institutional Trustee	Officei	Ke) emplojee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
DOUGLAS RAHN BD MEM MPS/CHAIR MHV MHSVC	50 00	Х		Х				550,825	0	96,033
BERNADETTE SALISBURY SECRETARY/VICE CHAIR TMH	70	Х		х				0	0	0
CARL NIEMANN BOARD MEMBER TMH	70	Х						0	0	O
DANIEL AUSTIN BOARD MEMBER/SECRETARY TMH	70	Х		х				0	0	0
DAVID KIEL MD BOARD MEMBER TMH	70	Х						0	0	0
GARY A SPURLING BOARD MEMBER TMH	70	Х						0	0	0
GARY MCNEELY CHAIR/BOARD MEMBER TMH	70	Х		х				0	0	C
HWA LONG CHEN MD BOARD MEMBER TMH	70	Х						0	0	C
JAMES R ADCOCK BOARD MEMBER TMH	70	Х						0	0	O
JERRY D GARDNER VICE CHAIR/CHAIR TMH	70	Х		х				0	0	O
RONALD MIZER DDS BOARD MEMBER TMH	70	Х						0	0	O
LORETTA KAHLE BOARD MEMBER TMH	70	Х						0	0	C
MARGARET J FRY BOARD MEMBER TMH	70	Х						0	0	C
THOMAS F FORD TREASURER TMH	70	Х		х				0	0	C
YASER FREJI MD BOARD MEMBER TMH	70	Х						0	0	0
BILL SMITH VICE PRESIDENT TMHF	70	Х		х				0	0	(
BONNIE BRUNS SECRETARY TMHF	70	Х		х				0	0	0
DAN LITTEKEN BOARD MEMBER TMHF	70	Х						0	0	C
ERIC KAHLE BOARD MEMBER TMHF	70	Х						0	0	0
JOHN CURTIN BOARD MEMBER TMHF	70	Х						0	0	0
JUDY MOULTON BOARD MEMBER TMHF	70	Х						0	0	0
LINDA SMITH TREASURER TMHF	70	Х		х				0	0	0
RO GER HICKMAN BO ARD MEMBER TMHF	70	Х						0	0	(
SR VIRGINIA WALSH BOARD MEMBER TMHF	70	Х						0	0	C
WILLIAM CHASTAIN BOARD MEMBER TMHF	70	Х						0	0	(

Compensated Employees, and Independent Contractors											
(A) Name and Title	(B) Average hours	Posi t	tion (that a	che		I		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
LEIGH STEINER CHAIRMAN SRS	70	×		х				0	0	0	
WILLIAM D MEYER VICE CHAIRMAN SRS	70	×		x				0	0	0	
MICHAEL MCGLASSON TREASURER SRS	70	Х		х				0	0	0	
JANET STOVER SECRETARY SRS	70	Х		х				0	0	0	
RANDALL GERMERAAD BOARD MEMBER SRS	70	Х						0	0	0	
JANICE GAMBACH PRESIDENT SRS	50 00	Х		х				0	152,483	16,680	
CHARLES CALLAHAN BRD MEMBER MHV/VP OPS MMC	50 00	Х			Х			287,512	0	50,160	
TRAVIS DOWELL PRESIDENT MPS	50 00	Х		х				250,029	0	47,076	
JOHN FERRY DDS PRESIDENT TMHF	70			х				0	0	0	
ELENA KEZELIS EXEC DIR MMCF	50 00			х				161,347	0	14,273	
MARSHA PRATER SVP & CNO MMC	50 00				х			259,204	0	144,348	
SCOTT KIRIAKOS VP CLINICAL INTEGRATION MMC	50 00				х			307,661	0	56,701	
DAVID J JOERGER ADMIN PREOP SERVICE	50 00				х			183,558	0	15,057	
FERINAND SALVACION MD PHYSICIAN MMC	50 00					Х		616,961	0	117,036	
DAVID SANDERCOCK MD PHYSICIAN MPS	50 00					Х		362,384	0	73,033	
JAMES GILDNER MD PHYSICIAN MPS	50 00					Х		538,672	0	110,181	
STEVEN LILLPOP MD PHYSICIAN MPS	50 00					Х		373,291	0	80,996	
VIRGINIA DOLAN MD PHYSICIAN MPS	50 00					Х		334,072	0	56,618	
ROBERT CLARKE FMR BRD MEM MMC/FMR CEO							х	0	382,201	0	

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions) 4d. Other program services

(Code) (Expenses \$ 378,727,295 including grants of \$

3,037,265) (Revenue \$ 461,506,378)

SURGICAL PRODUCT LINE, 25,936 CASES, 41,118 PATIENT DAYS PULMONARY/THORACIC PRODUCT LINE, 13,004 CASES, 29,686 DAYSHEMATOLOGY/ONCOLOGY PRODUCT LINE, 35,148 CASES, 146,563 DAYS

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DLN: 93493216004242

OMB No 1545-0047

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ► Complete if the organization is described below.

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

Internal Revenue Service							
If the then	organization ar	nswered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Politic	al Ca	ım pai	ign Activit	ies),	
	ion 501(c)(3) ord	anizations Complete Parts I-A and B Do not complete Part I-C					
	` ' ' '	than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Parts	art I-B				
	, , ,	tions Complete Part I-A only					
If the	organization ar	nswered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobb	ying	Activ	ities), the	n	
		anizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do					
	· / · /	anizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-E			•		
	_	nswered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, Iin n, or (6) organizations Complete Part III	ie 358	a (Pro	xy rax), tr	ien	
	e of the organiza		er ide	ntifica	tion numbe	or.	
MEMC	RIAL HEALTH SYSTE	M GROUP RETURN		Temrea	cion namb	- '	
		90-075					
Part	Comple	te if the organization is exempt under section 501(c) or is a section	1 527	7 org	anizatio	n.	
1	Provide a descri	ption of the organization's direct and indirect political campaign activities in Part IV					
2	Political expendi	tures	-	\$			
3 '	Volunteer hours			_			
		te if the organization is exempt under section 501(c)(3).					
1	Enter the amoun	t of any excise tax incurred by the organization under section 4955	•	\$ <u></u>			
2	Enter the amoun	t of any excise tax incurred by organization managers under section 4955	•	\$ <u></u>			
3	If the organization	on incurred a section 4955 tax, did it file Form 4720 for this year?			☐ Yes	Γ	No
4a '	Was a correction	made?			┌ Yes	Γ	No
b 1	If "Yes," describ	e ın Part IV					
Part	I -C Comple	te if the organization is exempt under section 501(c) except section	n 50	1(c)	(3).		
1	Enter the amoun	t directly expended by the filing organization for section 527 exempt function activities	F	\$ <u></u>			
2	Enter the amoun	t of the filing organization's funds contributed to other organizations for section 527					
(exempt funtion a	ctivities	•	\$ <u></u>			
3	Total exempt fur	ction expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	 -	\$ <u></u>			
4	Dıd the filing org	anızatıon file Form 1120-POL for thıs year?			☐ Yes	Γ	No
5		, addresses and employer identification number (EIN) of all section 527 political organiz				ing	

organization made payments For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply	_	
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
	Not over \$500,000	20% of the amount on line 1e		
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000	\$1,000,000		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ Yes ┌ No

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

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

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

			1)	(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
а	Volunteers?		No		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
C	Media advertisements?		No		
d	Mailings to members, legislators, or the public?		No		
е	Publications, or published or broadcast statements?		No		
f	Grants to other organizations for lobbying purposes?		Νo		
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i	Other activities? If "Yes," describe in Part IV	Yes		74,938	
j	Total lines 1c through 1i			74,938	
2a	Did the activities in line 1 cause the organization to be not described in section $501(c)(3)$?		No		
b	If "Yes," enter the amount of any tax incurred under section 4912				
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912		Ī		
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		•		

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	MEMORIAL MEDICAL CENTER (MMC) ENGAGES LOBBYISTS TO ASSIST IN SECURING FEDERAL GRANTS AND MONITORING STATE REGULATIONS IN SUPPORT OF FURTHERING THE MEMORIAL MEDICAL CENTER MISSION, WHICH IS "TO IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE" THIS INCLUDES ASSISTING MEMORIAL MEDICAL CENTER IN DEVELOPING PRESENTATIONS TO THE ILLINOIS CONGRESSIONAL DELEGATION REQUESTING APPROPRIATIONS FOR PRIORITY PROJECTS INVOLVING LOCAL PATIENT SAFETY QUALITY IMPROVEMENT AND IMPROVED LOCAL ACESS TO MEDICAL CARE THE LOBBYISTS ALSO ASSIST MMC IN COMMUNICATING THE IMPORTANCE OF ADEQUATE MEDICALD FUNDING IN SUPPORT OF THE SUBSTANTIAL SERVICES MMC'S AFFILIATES PROVIDE TO THOSE IN POVERTY AND IN MONITORING LEGISLATIVE AND REGULATORY DEVELOPMENTS THAT WOULD AFFECT MEMORIAL MEDICAL CENTER'S ABILITY TO CONTINUE DELIVERING ITS ALREADY SUBSTANTIAL COMMUNITY BENIFIT ABRAHAM LINCOLN MEMORIAL HOSPITAL(ALMH) PAID FUNDS OF \$15,517 TO HEALTHCARE ASSOCIATIONS TO AID AND ASSIST HOSPITALS REGARDING LEGISLATVE CHANGES TAYLORVILLE MEMORIAL HOSPITAL(TMH) PAID FUNDS OF \$14,752 TO HEALTHCARE ASSOCIATIONS TO AID AND ASSIST HOSPITALS REGARDING LEGISLATIVE CHANGES MEMORIAL HOME SERVICES(MHSVC) PAID FUNDS OF \$783 TO HEALTHCARE ASSOCIATIONS TO AID AND ASSIST HEALTHCARE ORGANIZATIONS REGARDING LEGISLATIVE CHANGES

DLN: 93493216004242

OMB No 1545-0047

Supplemental Financial Statements

Department of the Treasury Internal Revenue Service

SCHEDULE D (Form 990)

> ► 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.

Open to Public Inspection

	me of the organization MORIAL HEALTH SYSTEM GROUP RETURN		Employer identification number
ME	TORIAL HEALTH SYSTEM GROUP RETURN		90-0756744
Pa	rt I Organizations Maintaining Donor A		
	organization answered "Yes" to Form 9	_ · · · · · · · · · · · · · · · · · · ·	(h) Funda and other accounts
1	Total number at and of year	(a) Donor advised funds	(b) Funds and other accounts
1 2	Total number at end of year Aggregate contributions to (during year)		
2 3	Aggregate grants from (during year)		
4	Aggregate value at end of year		
5	Did the organization inform all donors and donor adv funds are the organization's property, subject to the	e organization's exclusive legal control?	☐ Yes ☐ No
6	Did the organization inform all grantees, donors, and used only for charitable purposes and not for the be conferring impermissible private benefit		
Pa	rt II Conservation Easements. Complete	out the organization answered "Yes" to	<u> </u>
1 2	Purpose(s) of conservation easements held by the of Preservation of land for public use (e.g., recreated Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qual easement on the last day of the tax year	tion or pleasure) Preservation of an Preservation of a c	ertified historic structure
	casement on the last day of the tax year]	Held at the End of the Year
а	Total number of conservation easements		2a
b	Total acreage restricted by conservation easement	s	2b
c	Number of conservation easements on a certified hi	storic structure included in (a)	2c
d	Number of conservation easements included in (c) a	acquired after 8/17/06	2d
3	Number of conservation easements modified, transf	- ferred, released, extinguished, or terminate	d by the organization during
	the taxable year 🛌		
4	Number of states where property subject to conserv	vation easement is located ►	_
5	Does the organization have a written policy regarding enforcement of the conservation easements it holds		lling of violations, and Yes No
6	Staff and volunteer hours devoted to monitoring, ins	pecting and enforcing conservation easem	ents during the year ▶
7	A mount of expenses incurred in monitoring, inspect	ing, and enforcing conservation easements	during the year ► \$
В	Does each conservation easement reported on line $170(h)(4)(B)(i)$ and $170(h)(4)(B)(ii)$?	2(d) above satisfy the requirements of sec	tion Yes No
9	In Part XIV, describe how the organization reports of balance sheet, and include, if applicable, the text of the organization's accounting for conservation ease	the footnote to the organization's financial	
Par	Complete of the organization answered		or Other Similar Assets.
1a	If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets help provide, in Part XIV, the text of the footnote to its fi	d for public exhibition, education or researc	th in furtherance of public service,
b	If the organization elected, as permitted under SFA: historical treasures, or other similar assets held for provide the following amounts relating to these item	public exhibition, education, or research in	
	(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, his following amounts required to be reported under SFA		
а	Revenues included in Form 990, Part VIII, line 1		▶ \$

b Assets included in Form 990, Part X

Par	TITLE Organizations Maintaining Co	llections of Art	t, His	toric	<u>al Tre</u>	asures, or	Oth:	<u>er Similar</u>	ASSE	ets (col	ntınued)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	ne follo	wing th	at are a sıgnıfı	cant	use of its co	llectio	n	
а	Public exhibition		d	\vdash	Loan or	exchange pro	gram	ıs			
b	Scholarly research		e	Γ	Other						
c	Preservation for future generations										
4	Provide a description of the organization's co Part XIV	ollections and expla	ain hov	w they	further	the organizati	on's e	exempt purpo	ose in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than to							mılar	Г	Yes	┌ No
Par	t IV Escrow and Custodial Arrang Part IV, line 9, or reported an ar						ed "	Yes" to For	m 990	0,	
1a	Is the organization an agent, trustee, custoo included on Form 990, Part X?	lian or other interm	edıary	for co	ntrıbutı	ons or other a	ssets	not	Г	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	V and complete the	follow	ıng tal	ble						
									Amo	unt	
C	Beginning balance						1c				
d	Additions during the year						1d				
е	Distributions during the year						1e				
f	Ending balance						1f				
2a	Did the organization include an amount on Fe	orm 990, Part X, lin	e 21?						Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI\										
Pa	rt V Endowment Funds. Complete					' to Form 99	0, Pa	art IV, line	10.	1	
1a	Beginning of year balance	(a)Current Year 7,410,408	(Б	Prior Y	ear 942,467	(c)Two Years Ba	_	d) Three Years	Back (e) Four Ye	ars Back
ь	Contributions	48,483			050,046	·	,189				
C	Investment earnings or losses	-47,525			599,812		,785		_		
d	Grants or scholarships	,			35,500		,949				
e	Other expenditures for facilities and programs	42,758		-	107,317	107	,863				
f	Administrative expenses	97,366			39,101	37	,051				
g	End of year balance	7,271,242		7,4	110,407	5,942	,467				
2	Provide the estimated percentage of the yea	r end balance held	as		•						
а	Board designated or quasi-endowment	15 000 %									
ь	Permanent endowment ► 85 000 %										
С	Term endowment ►										
3a	Are there endowment funds not in the posse	ssion of the organiz	ation	that ar	re held a	and administer	ed fo	r the			
	organization by							,		Yes	No
	(i) unrelated organizations			•					3a(i)	1	No
L	(ii) related organizations						•		3a(ii)	+ +	
ь 4	If "Yes" to 3a(II), are the related organization Describe in Part XIV the intended uses of the								3b	Yes	
	t VI Investments—Land, Building					Ω Part X lin	e 10				
	Description of investment	o, and Equipme	S	(a) C	ost or oth	ner (b) Cost or	other			(d) Boo	k value
1a	Land				971,9	929 6.68	35,570			7	,657,499
	Buildings				2,808,6				5,905		3,539,414
	Leasehold improvements						06,853	 	6,940		,069,913
d	Equipment				4,9	978 158,94	16,514	97,22	8,534	61	,722,958
e	Other					87,60	06,644	27,96	7,780	59	,638,864

Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) .

263,628,648

Part VII Investments—Other Securities. See	Form 990, Part X, line 1		
(a) Description of security or category (including name of security)	(b)Book value		d of valuation f-year market value
(1) Financial derivatives		Cost of end-of	year market value
(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		
(a) Description of investment type	(b) Book value		d of valuation
	, ,	Cost or end-or	f-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, lin			
Part IX Other Assets. See Form 990, Part X, III (a) Descrip			(b) Book value
See Additional Data Table			(-)
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1	5.)		47,269,201
Part X Other Liabilities. See Form 990, Part X			
1 (a) Description of Liability	(b) A mount		
Federal Income Taxes			
DEFERRED COMPENSATION	9,928,190		
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	28,096,371		
MINIMUM PENSION LIABILITY	71,954,894		
RESERVE FOR POST EMPLOYMENT BENEFITS	8,836,610		
SWAP LIABILITY			
WORKERS' COMPENSATION AND PROFESSIONAL	4,708,883		
LIABILITY	20,859,269		
OTHER	6,367,270		
Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	150,751,487		
	,,,		

1	Total revenue (Form 990, Part VIII, column (A), line 12)		1	
2	Total expenses (Form 990, Part IX, column (A), line 25)		2	
3	Excess or (deficit) for the year Subtract line 2 from line 1		3	
4	Net unrealized gains (losses) on investments		4	
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	
10	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9		10	
Par	Reconciliation of Revenue per Audited Financial Statemen	ts With Revenue p	er Re	turn
1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
а	Net unrealized gains on investments			
b	Donated services and use of facilities 2b			
C	Recoveries of prior year grants			
d	Other (Describe in Part XIV) 2d			
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
а	Investment expenses not included on Form 990, Part VIII, line 7b .			
b	Other (Describe in Part XIV) 4b			
C	Add lines 4a and 4b		4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)		5	
-	Reconciliation of Expenses per Audited Financial Stateme	nts With Expenses	per R	teturn
1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
а	Donated services and use of facilities			
b	Prior year adjustments			
С	Other losses			
d	Other (Describe in Part XIV) 2d			
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	1		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a			
b	Other (Describe in Part XIV) 4b			
c			4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	· · · · · ·	5	
	t XIV Supplemental Information			
Con	uplete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part			

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

Part V, line 4, 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 INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	MEMORIAL HOME SERVICES HAS ONE PERMANENTLY RESTRICTED ENDOWMENT FUND WITH INCOME TO BE USED FOR OPERATING EXPENSES MEMORIAL MEDICAL CENTER FOUNDATION'S ENDOWMENT FUNDS CONSIST OF 30 INDIVIDUAL DONOR-RESTRICTED FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES THE FOUNDATION HAS A POLICY OF APPROPRIATING FOR DISTRIBUTION EASH YEAR 5% OF ITS ENDOWMENT FUND'S MOVING AVERAGE FAIR VALUE OVER THE PRIOR 36 MONTHS AS OF SEPTEMBER 30 OF THE PRECEEDING FISCAL YEAR IN WHICH THE DISTRIBUTION IS PLANNED IN ESTABLISHING THIS POLICY, THE FOUNDATION CONSIDERED THE LONG-TERM EXPECTED RETURN ON ITS ENDOWMENTS ACCORDINGLY, OVER THE LONG TERM, THE FOUNDATION EXPECTS THE CURRENT SPENDING POLICY TO ALLOW ITS ENDOWMENT TO GROW AT AN AVERAGE OF THE LONG-TERM RATE OF INFLATION
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	EFFECTIVE OCTOBER 1, 2008, MEMORIAL HEALTH SYSTEM ADOPTED GUIDANCE PROVIDED BY THE RECOGNITION SUBSECTION OF THE INCOME TAXES TOPIC OF THE FASB ACCOUNTING STANDARDS CODIFICATION THIS SUBTOPIC PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN ADOPTION OF THIS GUIDANCE DID NOT HAVE AN IMPACT ON THE FY 11 CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, AND CONSOLIDATED STATEMENTS OF CASH FLOWS

Additional Data

Software ID: Software Version:

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

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

(a) Description	(b) Book value
DONOR RESTRICTED ASSETS - LITTLER TRUST	21,081,634
UNCONSOLIDATED AFFILIATE	14,624,075
INSURANCE RECOVERABLES	4,677,086
UNAMORTIZED BOND DISCOUNTS AND ISSUE COSTS	3,574,648
REAL ESTATE INVESTMENT	1,231,005
CHARITABLE REMAINDER TRUST	762,302
PARTNERSHIP INVESTMENTS	379,996
DUE FROM AFFILIATES	732,375
CASH SURRENDER VALUE OF LIFE INSURANCE	144,599
OTHER RECEIVABLES	61,481

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As Filed Data -

DLN: 93493216004242

2010

OMB No 1545-0047

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

Open to Public

nternal Revenue Service	Attach	to Form 990 or Form 99	0-EZ. 🏲 See separate instruct	ions.	Inspection				
Name of the organization				Employer iden	tification number				
MEMORIAL HEALTH SYST	EM GROUP RETURN			90-0756744					
Part I Fundraising	Activities. Complete	e if the organizat	tion answered "Yes"	to Form 990, Part IV	, line 17.				
1 Indicate whether the	organization raised funds	through any of the	following activities Che	eck all that apply					
a 🔽 Mail solicitations	✓ Mail solicitations								
b Internet and e-ma	Internet and e-mail solicitations f Solicitation of go			ernment grants					
c F Phone solicitations g			☐ Special fundraisin	g events					
d 🔽 In-person solicita	itions								
	lave a written or oral agre ed in Form 990, Part VII ighest paid individuals or) or entity in conne	ction with professional f	fundraising services?	▼ Yes 				
	least \$5,000 by the orga								
(i) Name and address of individual or entity (fundraiser)		(iii) Did fundraiser have custody or control of contributions?	(iv) Gross receipts from activity	(v) A mount paid to (or retained by) fundraiser listed in col (i)	(vi) A mount paid to (or retained by) organization				
	CONCULTING ON	Yes No							
WOODBURN KYLE & COMPANY 100 EAST FIRST STREET	CONSULTING ON FUNDRAISING	No	55,324	36,000	19,324				
MADISON, IN 47250									
Total			55,324	36,000	19,324				
licensing	n the organization is regis								

Pa	rt II	Fundraising Events. Com more than \$15,000 on Form							
			(a) Event #1 FESTIVAL OF TREES (MMCF)	(b) Event #2 GOLF OUTING (ALHF)	(c) Other Events 8 (total number)	(d) Total Events (Add col (a) through col (c))			
			(event type)	(event type)	(total number)				
Revenue	1	Gross receipts	471,553	29,119	75,291	575,963			
	2	Less Charitable contributions	241,140	11,182	21,926	274,248			
	3	Gross income (line 1 minus line 2)	230,413	17,937	53,365	301,715			
ω.	4	Cash prizes		600	0	600			
	5	Non-cash prizes	40,665	5	10,471	51,136			
Expenses	6	Rent/facility costs	12,452	4,600	1,678	18,730			
ă	7	Food and beverages	42,277	4,272	9,115	55,664			
Direct	8	Entertainment	550		500	1,050			
ā	9	Other direct expenses .	100,819	800	17,230	118,849			
	10	Direct expense summary Add lin	es 4 through 9 ın column	(d)		246,029			
	11	Net income summary Combine Ii	nes 3 and 10 ın column (d)		55,686			
Par	t III	Gaming. Complete if the oi \$15,000 on Form 990-EZ, lii		"Yes" to Form 990, Pa	rt IV, line 19, or repo	rted more than			
<u>Ф</u>		,,,,	(a) Bingo	(b) Pull tabs/Instant	(c) Other gaming	(d) Total gaming			
Revenue				bingo/progressive bingo		(Add col (a) through col (c))			
	1 (Gross revenue							
မှ မ	2 (Cash prizes							
sesued	3	Non-cash prizes							
面 텃	4	Rent/facility costs							
Direct	5 (Other direct expenses							
	6	Volunteer labor	Г Yes <u>%</u> Г No	<pre></pre>	┌ Yes <u>%</u> ┌ No				
	7	7 Direct expense summary Add lines 2 through 5 in column (d)							
	8	Net gaming income summary Com	bine lines 1 and 7 in colu	ımn (d)					
9 a b	Enter the state(s) in which the organization operates gaming activities Is the organization licensed to operate gaming activities in each of these states?								
10a b	Were	e any of the organization's gaming es," Explain	licenses revoked, susper	nded or terminated during	the tax year?				

11	Does the organization operate gam	ing activities with nonmembers?		· · · · Fyes Fno			
12	Is the organization a grantor, benef	ficiary or trustee of a trust or a mer	nber of a partnership or other entity				
	formed to administer charitable gai	ming?		· · · · Fyes Fno			
13	Indicate the percentage of gaming						
а	The organization's facility			13a			
b	An outside facility			13b			
14			atıon's gamıng/specıal events book				
	records		5 5, 1				
	Name 🟲						
	<u>.</u>						
	Address 🟲						
155	Does the organization have a contr	eact with a third party from whom th	o organization recolves gaming				
134			· · · · · · · · · · · · · · · · · · ·				
L							
D	If "Yes," enter the amount of gaming revenue received by the organization 🟲 \$ and the						
	amount of gaming revenue retained	by the third party 🟲 \$					
С	If "Yes," enter name and address						
	Name 🟲						
	Address ►						
16							
16	Gaming manager information						
	Name 🟲						
	Name F						
	Gaming manager compensation 🕨 :	\$					
	Description of services provided 🟲						
		<u></u>					
	Director/officer	Employee	Independent contractor				
17	Mandatory distributions						
а	Is the organization required under state law to make charitable distributions from the gaming proceeds to						
	retain the state gaming license?			Γ_{Yes} Γ_{No}			
b	Enter the amount of distributions re	equired under state law distributed	to other exempt organizations or sp	ent			
	ın the organization's own exempt a	ctivities during the tax year 🟲 💲					
Par		ovide additional information foi	r responses to question on Sch	edule G (see			
	instructions.)						
	Identifier	ReturnReference	Explana	tion			
EXP	LANATION OF FUNDRAISING S	CHEDULE G, PART I, LINE 2B,	CONSULTING FEES FOR TAYLO	RVILLE MEMORIAL			
	/MENTS P	OLUMN (V)	HOSPITAL FOUNDATION				

DLN: 93493216004242

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

	Name of the organization MEMORIAL HEALTH SYSTEM GROUP RETURN					oyer identification number			
MLMC	RIAL IILALIII STSTEM GROOP RETOR	IN			90-	0756744			
Part I Financial Assistance and Certain Other Community Benefits at Cost									
_	Did the comment of heart of				CHAIL II along be more by			Yes	No
1a	Did the organization have a finnancial assistance policy during the tax year? If "No," skip to question 6a .					1a	Yes		
ь 2	If "Yes," is it a written policy?					1b	Yes		
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year								
	Applied uniformly to all hospitals Applied uniformly to most hospitals Generally tailored to individual hospitals								
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year								
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care						3a	Yes	
			0%	Other 250.000000	000000 %				
b	Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care						3b	Yes	
						50.000000000000			
	□ 200% □ 250%	Г 30	о% Г	350% г 40	Other_	%		I	l
c	If the organization does not u	,				riteria for			I
·	determining eligibility for free test or other threshold, regar	or discounte	d care Inclu	de in the description w	hether the organizatio				
4	,								
5a	provide for free or discounted Did the organization budget amount		•	-		x year?	5a	Yes	I
b	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?						5b	Yes	
c								100	
~ _	care to a patient who was elig						5c		No
6a	a Does the organization prepare a community benefit report during the tax year?						6a	Yes	<u> </u>
6b	If "Yes," did the organization						6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H								
	Financial Assistance and C	(a) Number of		I		1			
	Financial Assistance and Means-Tested Government Programs	activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community be expense	enefit	(f) Percent of total expense	
а	Financial Assistance at cost (from Worksheets 1 and 2)	3	12,444	17,534,958	0	17,53	34,958 2.4		490 %
b	Unreimbursed Medicaid (from Worksheet 3, column a)	1	78,507	78,474,067	65,541,840	12,93	2,227	·	
c	Unreimbursed costs—other means-tested government								
	programs (from Worksheet 3, column b)	8	466	214,034	425,419	-21	1,385		0 %
ď	Total Financial Assistance and		100	211,031	123,113		1,505		0 70
	Means-Tested Government Programs	12	91,417	96,223,059	65,967,259	30,25	5,800	4	320 %
e	Other Benefits Community health improvement services and community benefit operations (from								
_	(Worksheet 4)	71	16,652	1,284,597	6,470	1,27	,278,127		180 %
f	Health professions education (from Worksheet 5)	34	2,747	23,141,475	4,647,278	18,49	4,197	2	620 %
g	Subsidized health services (from Worksheet 6)	1	90	4,258			4,258		0 %
h :	Research (from Worksheet 7)	5		273,691		27	3,691	0	040 %
i	Cash and in-kind contributions to community groups								

(from Worksheet 8) j Total Other Benefits . . .

k Total. Add lines 7d and 7j

25

136

148

100

19,589

111,006

4,653,748

70,621,007

893,492

25,597,513

121,820,572

0 130 %

2 970 % 7 290 %

893,492

20,943,765

51,199,565

13

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 (b) Persons (c) Total community (d) Direct offsetting (e) Net community (f) Percent of served (optional) activities or building expense revenue building expense total expense programs (optional) Physical improvements and housing Economic development 7,941 7,941 0 % Community support 27 252,625 252,625 0 040 % Environmental improvements 1,858 1,858 0 % Leadership development and training for community members 3,926 3,926 0 % 6 Coalition building 15 20 2,629 2,629 0 % Community health improvement advocacy n % 12.466 12.466 Workforce development 63,047 63,047 0 010 % 9 Other 32,900 32.900 0 % 10 Total 377,392 90 239 377,392 0 050 % **Bad Debt, Medicare, & Collection Practices** Part III Section A. Bad Debt Expense Yes No Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Yes Enter the amount of the organization's bad debt expense (at cost) 2 5,391,069 Enter the estimated amount of the organization's bad debt expense (at cost) 3 attributable to patients eligible under the organization's financial assistance policy 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 Enter total revenue received from Medicare (including DSH and IME) 202,111,232 5 Enter Medicare allowable costs of care relating to payments on line 5 220,981,174 6 Subtract line 6 from line 5 This is the surplus or (shortfall) . . . -18.869.942 7 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 to charge ratio ▼ Other Cost accounting system **Section C. Collection Practices** Does the organization have a written debt collection policy? . 9a Yes If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for 9b Yes patients who are known to qualify for charity care or financial assistance? Describe in Part VI Part IV Management Companies and Joint Ventures (a) Name of entity (b) Description of primary (c) Organization's (d) Officers, directors, (e) Physicians' trustees, or key employees' profit % profit % or stock activity of entity profit % or stock ownership % ownership % or stock ownership% 1 2 3 4 5 6 8 9 10 11 12

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			General medical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	
	x year? 3	Licensed hospital	al & eurgical	otal	ital	. hospital	ty			
Name	and address									Other (Describe)
1	MEMORIAL MEDICAL CENTER 701 NORTH FIRST STREET SPRINGFIELD,IL 62781	×	Х		х		х	х		
9	ABRAHAM LINCOLN MEMORIAL HOSPITAL 200 STALHUT DRIVE LINCOLN,IL 62656	×	х			х		х		
10	TAYLORVILLE MEMORIAL HOSPITAL 201 E PLEASANT TAYLORVILLE,IL 62568	х	Х			х		Х		
					1	<u> </u>				
						<u> </u>				
		\vdash				 				
		_				<u> </u>				
		1		1		1	I	I	I	

How many non-hospital facilities did the organization operate during the tax year?				
lame and address		Type of Facility (Describe)		
	See Additional Data Table			
0		Schedule H (Form 990) 2		

Part V Facility Information (continued)

Schedule H (Form 990) 2010 Page 8

Part VI Supplemental Information

Complete this part to provide the following information

Required descriptions. Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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
- 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.)
- 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 THE COMMUNITY BENEFIT REPORT IS AVAILABLE ON THE WEBSITES OF ALL THREE MEMORIAL HEALTH SYSTEM HOSPITALS, AS WELL AS ITS AFFILIATE WEBSITES

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY FOR
		CHARITY CARE, MEDICAID, AND OTHER MEANS TESTED
		PROGRAMS WAS DERIVED FROM EACH HOSPITAL'S COST
		ACCOUNTING SYSTEM THIS SYSTEM HAS THE ABILITY
		TO COMPUTE THE ACTUAL COST OF ALL MEDICAL
		PROCEDURES AT THE PATIENT-ACCOUNT LEVEL
		REGARDLESS OF PAYOR TYPE OR WHETHER THE PATIENT
		WAS INPATIENT OR OUTPATIENT THE ONLY CATEGORY
		BY WHICH A COST TO CHARGE RATIO WAS UTILIZED FOR
		SCHEDULE H IS FOR THE DETERMINATION OF BAD DEBT
		EXPENSE AT COST IN PART III, SECTION A, LINE 2

Identifier	ReturnReference	Explanation
		PART II COMMUNITY BUILDING ACTIVITIESMEMORIAL MEDICAL CENTER PARTICIPATES IN NUMEROUS COMMUNITY BUILDING ACTIVITIES THAT ARE NOT
		ACCOUNTED FOR ELSEWHERE ON SCHEDULE H IT SUPPORTS THE UNITED WAY OF CENTRAL ILLINOIS, WHICH, FOLLOWING AN EXTENSIVE COMMUNITY NEED
		ASSESSMENT, IS CREATING A CONTINUUM OF LEARNING FROM BIRTH THROUGH YOUNG ADULT UNITED WAY ALSO
		FUNDS CRITICAL SERVICES SUCH AS ACCESS TO FOOD, SHELTER, HEALTHCARE AND VICTIM
		SERVICES MEMORIAL MEDICAL CENTER SUPPORTS ECONOMIC DEVELOPMENT THROUGH THE MID-ILLINOIS
		MEDICAL DISTRICT AS WELL AS THE SPRINGFIELD CHAMBER OF COMMERCE'S QUANTUM GROWTH PARTNERSHIP, WHICH HAS A STRATEGIC PLAN TO
		IMPROVE THE LOCAL ECONOMY AS THE LARGEST LOCAL EMPLOYER OUTSIDE OF STATE GOVERNMENT, MEMORIAL
		MEDICAL CENTER IS AN IMPORTANT ECONOMIC LINK THAT PROVIDES EMPLOYMENT AND BENEFITS FOR
		THOUSANDS OF FAMILIES WORKFORCE DEVELOPMENT IS A KEY AREA OF INVOLVEMENT AS MEMORIAL MEDICAL CENTER COLLABORATES WITH OTHERS TO EXPAND
		OPPORTUNITIES TO TRAIN AND RECRUIT HEALTHCARE PROFESSIONALS TO EXPAND ACCESS IN RURAL
		AREAS LEADERS FROM MEMORIAL MEDICAL CENTER ALSO VOLUNTEER ON A WIDE RANGE OF LOCAL NONPROFIT
		BOARDS SUCH AS THE UNITED WAY, HELPING HANDS HOMELESS SHELTER, SPRINGFIELD URBAN LEAGUE, CENTRAL ILLINOIS FOOD BANK, SANGAMON COUNTY
		CONTINUUM OF LEARNING, GIRL SCOUTS OF CENTRAL ILLINOIS, MID-ILLINOIS MEDICAL DISTRICT AT
		SPRINGFIELD, SPRINGFIELD YMCA, AND THE GREATER SPRINGFIELD CHAMBER OF COMMERCE MEMORIAL
		MEDICAL CENTER ALSO SUPPORTS THE FUNDRAISING ACTIVITIES OF SUCH ORGANIZATIONS AS THE SPRINGFIELD URBAN LEAGUE, CENTRAL ILLINOIS FOOD
		BANK, YMCA, LOCAL AMERICAN CANCER SOCIETY, LOCAL AMERICAN HEART ASSOCIATION, SOUTHERN ILLINOIS
		UNIVERSITY SCHOOL OF MEDICINES SIMMONS CANCER INSTITUTE, UNITED WAY AND OTHERS MMC ALSO
		COLLABORATES WITH LOCAL SCHOOLS TO OFFER MULTIPLE OPPORTUNITIES FOR STUDENTS TO EXPLORE HEALTHCARE CAREER OPTIONS AS ONE OF THE LARGEST
		EMPLOYERS IN LOGAN COUNTY, ABRAHAM LINCOLN MEMORIAL HOSPITAL(ALMH) IS AN IMPORTANT
		ECONOMIC LINK THAT PROVIDES EMPLOYMENT AND BENEFITS FOR 280 FAMILIES ALMH AND ABRAHAM
		LINCOLN HEALTHCARE FOUNDATION (ALHF) FINANCIALLY CONTRIBUTE TO THE LOGAN COUNTY
		ECONOMIC DEVELOPMENT PARTNERSHIP, LINCOLN ART & BALLOON FESTIVAL AND THE LOGAN COUNTY FOOD BANK SUPPORT IS ALSO PROVIDED FOR THE LOCAL
		MULTIPLE SCLEROSIS WALK AND THE AMERICAN CANCER SOCIETY'S RELAY FOR LIFE ALMH IS A MEMBER OF THE
		LINCOLN/LOGAN COUNTY CHAMBER OF COMMERCE AND THE LOGAN COUNTY ECONOMIC DEVELOPMENT
		PARTNERSHIP, WHICH ARE ACTIVELY WORKING TO IMPROVE THE ECONOMIC VITALITY OF LOGAN COUNTY AN ALMH TEAM MEMBER SITS ON EACH OF THESE
		BOARDS ALMH ALSO PROVIDED IN-KIND SUPPORT IN THE FORM OF MEETING SPACE FOR THE CHAMBER'S
		LEADERSHIP ACADEMY THIS 8-WEEK PROGRAM PREPARES COMMUNITY MEMBERS FOR COMMUNITY
		LEADERSHIP ROLES ABRAHAM LINCOLN MEMORIAL HOSPITAL'S COMMUNITY BUILDING ACTIVITIES INCLUDE STAFF WHO VOLUNTEER FOR LEADERSHIP ON LOCAL
		NONPROFIT BOARDS FOR ORGANIZATIONS THAT IMPACT THE HEALTH AND QUALITY OF LIFE FOR OUR
		COMMUNITY AMONG THESE ARE THE LINCOLN/LOGAN COUNTY CHAMBER OF COMMERCE, THE LOGAN COUNTY
		ECONOMIC DEVELOPMENT PARTNERSHIP, THE LINCOLN ART & BALLOON FESTIVAL, TOGETHER FOR LINCOLN, LINCOLN ROTARY CLUB, ZONTA, LOGAN COUNTY BOARD
		OF HEALTH, UNITED WAY OF LOGAN COUNTY, LOGAN COUNTY FOOD BANK, LOCAL AMERICAN CANCER
		SOCIETY RELAY FOR LIFE, COMMUNITY CHILD CARE CONNECTION, COMMUNITY & CHILDREN'S HEALTH FAIR
		PLANNING COMMITTEE, 'FROM THE GROUND UP' COMMUNITY BEAUTIFICATION TEAM, APEX AT CITY CENTER TASK FORCE, CAPCIL (COMMUNITY ACTION OF
		CENTRAL ILLINOIS) HEALTH ADVISORY COMMITTEE, PROFESSIONAL CONSULTATION COMMITTEE FOR
		CLINICAL PASTORAL EDUCATION, LEPC (LOCAL EMERGENCY PLANNING COMMITTEE) TAYLORVILLE
		MEMORIAL HOSPITAL COMMUNITY BUILDING ACTIVITIES INCLUDE STAFF WHO VOLUNTEER FOR LEADERSHIP ON LOCAL NONPROFIT BOARDS FOR ORGANIZATIONS THAT
		IMPACT THE HEALTH AND QUALITY OF LIFE FOR OUR COMMUNITY AMONG THESE ARE THE UNITED WAY OF
		CHRISTIAN COUNTY, CHRISTIAN COUNTY YMCA, TAYLORVILLE SERTOMA CLUB, AMERICAN CANCER
		SOCIETY RELAY FOR LIFE OF CHRISTIAN COUNTY, CHRISTIAN COUNTY ECONOMIC DEVELOPMENT CORPORATION AND TAYLORVILLE DEVELOPMENT
		ASSOCIATION

Identifier	ReturnReference	Explanation
		PART III, LINE 4 MEMORIAL MEDICAL CENTER'S BAD
		DEBT EXPENSE AT COST WAS DETERMINED BY
		COMPUTING A COST TO CHARGE RATIO AND APPLYING
		THIS RATIO AGAINST BAD DEBT EXPENSE AS REPORTED
		ON THE AUDITED FINANCIAL STATEMENTS FOR THE
		FISCAL YEAR ENDED 9/30/2011 THE COST TO CHARGE
		RATIO WAS CALCULATED AS FOLLOWS TOTAL
		OPERATING EXPENSES PER AUDITED FINANCIAL STMTS
		\$555,332,384LESS OTHER OPERATING REVENUE (BEFORE
		CAPITATION ADJ) (14,577,240)PURCHASED MEDICAL
		SERVICES CAPITATION (35,516,824)HOSPITAL PROVIDER
		ASSESSMENT (11,366,455)BAD DEBT EXPENSE
		(13,379,150)ADJUSTED OPERATING EXPENSES
		\$480,492,715GROSS PATIENT SERVICE REVENUE
		(BEFORE CAPITATION) \$1,537,050,557RATIO OF COST TO
		CHARGES FOR BAD DEBT COSTING 31 3% ABRAHAM
		LINCOLN MEMORIAL HOSPITAL AND TAYLORVILLE
		MEMORIAL HOSPITAL USED THE METHOD PRESCRIBED IN
		WORKSHEET 2 IN THE SCHEDULE H
		INSTRUCTIONS FOOTNOTE 2 OF THE CONSOLIDATED
		AUDITED FINANCIAL STATEMENTS OF MEMORIAL HEALTH
		SYSTEM CONTAINS A SPECIFIC FOOTNOTE RELATING TO
		BAD DEBT EXPENSE, AS FOLLOWS THE ALLOWANCE FOR
		UNCOLLECTIBLE ACCOUNTS IS BASED UPON
		MANAGEMENT'S ASSESSMENT OF HISTORICAL AND
		EXPECTED AMOUNTS TO BE COLLECTED, CONSIDERING
		BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN
		HEALTH CARE COVERAGE, AND OTHER COLLECTION
		INDICATORS PERIODICALLY THROUGHOUT THE YEAR,
		MANAGEMENT ASSESSES THE ADEQUACY OF THE
		ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED
		UPON ITS REVIEW OF ACCOUNTS RECEIVABLE PAYOR
		COMPOSITION AND AGING THIS REVIEW TAKES INTO
		CONSIDERATION RECENT WRITE OFF EXPERIENCE BY
		PAYOR CATEGORY, PAYOR AGREEMENT RATE CHANGES,
		AND OTHER FACTORS THE RESULTS OF THIS
		EVALUATION IS USED TO MAKE ANY MODIFICATIONS TO
		THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS TO
		ESTABLISH AN APPROPRIATE ALLOWANCE FOR
		UNCOLLECTIBLE ACCOUNTS AFTER SATISFACTION OF
		AMOUNTS DUE FROM INSURANCE, MEMORIAL HEALTH
		SYSTEM FOLLOWS ESTABLISHED GUIDELINES FOR
		PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH
		COLLECTION AGENCIES THE HOSPITALS OF MEMORIAL
		HEALTH SYSTEM DO NOT INCLUDE BAD DEBT AMOUNTS
		IN COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE COSTING METHODOLOGY UTILIZED FOR THE DETERMINATION OF MEMORIAL MEDICAL
		CENTER'S MEDICARE ALLOWABLE COST (SCHEDULE H,
		PART III, LINE 6) WAS CALCULATED AS FOLLOWS MEMORIAL MEDICAL CENTER, ABRAHAM
		LINCOLN MEMORIAL HOSPITAL, AND TAYLORVILLE MEMORIAL HOSPITAL UTILIZED MEDICARE COSTING
		DATA FROM THE FISCAL YEAR ENDED 9/30/2011
		MEDICARE COST REPORT AS FILED MEMORIAL MEDICAL CENTER WAS ABLE TO CAPTURE THE MEDICARE COSTING
		FOR INPATIENT MEDICAL SURGICAL, INPATIENT PSYCHIATRIC, INPATIENT REHABILITATION, AND
		OUTPATIENT MEDICAL SURGICAL SERVICES DURING
		THAT FISCAL PERIOD THIS COSTING DATA EXCLUDED THE DIRECT MEDICAL EDUCATION COST FOR THE
		RESIDENCY PROGRAM ASSOCIATED WITH THE SOUTHERN
		ILLINOIS UNIVERSITY SCHOOL OF MEDICINE THIS COST WAS INCLUDED IN THE HEALTH PROFESSIONS
		EDUCATION SECTION OF PART I, LINE 7 (F) OF SCHEDULE H OTHER SECTIONS OF MEDICARE COST THAT WOULD
		NORMALLY BE EXCLUDED FROM THE MEDICARE COST
		REPORT BUT SHOULD BE INCLUDED FOR PURPOSES OF ITHIS SCHEDULE ARE THE FOLLOWING 1 MEMORIAL
		MEDICAL CENTER'S ESRD PROGRAM - THIS PROGRAM
		RELATED TO THE END-STAGE RENAL DIALYSIS PROGRAM THE PROGRAM IS REFLECTED ON THE W/S I OF THE COST
		REPORT BUT DOES NOT HAVE A SETTLEMENT 2 MEMORIAL MEDICAL CENTER'S OUTPATIENT CLINICAL
		LAB CHARGES - THESE MEDICARE OUTPATIENT CHARGES
		ARE PAID ON A FEE-FOR-SERVICE BASIS AND ARE NOT REFLECTED ON THE AS FILED MEDICARE COST REPORT 3
		MEMORIAL MEDICAL CENTER'S OUTPATIENT THERAPY
		SERVICES - THESE MEDICARE OUTPATIENT CHARGES RELATED TO THERAPEUTIC SERVICES, SUCH AS
		PHYSICAL THERAPY, OCCUPATIONAL THERAPY, AND SPEECH THERAPY SERVICES, ARE SUBJECT TO A FEE-
		FOR-SERVICE PAYMENT METHOD AND NOT FILED ON THE
		MEDICARE COST REPORT 4 PART B PROFESSIONAL FEES - MEMORIAL MEDICAL CENTER HAS ITS PART B MEDICARE
		PROFESSIONAL FEES BILLED THROUGH A SEPARATE CORPORATION OF MEMORIAL HEALTH SYSTEM THE
		BILLING SERVICE IS CALLED PHYSICIAN BILLING
		SERVICE IT BILLS FOR THE PROFESSIONAL FEES ON BEHALF OF MEMORIAL MEDICAL CENTER AND SWEEPS
		THE MEDICARE PAYMENTS BACK TO IT SOME OF THE
		PROFESSIONAL FEES BILLED BY PHYSICIAN BILLING SERVICE ARE CRNA, HEARING CENTER, SPINEWORKS
		CLINIC, HEART FAILURE CLINIC, CLINICAL PSYCHOLOGISTS, DIETARY CONSULTING, BARIATRIC
		SURGERY AND EKG INTERPRETATIONS THESE SERVICES
		ARE TYPICALLY EXCLUDED FROM THE MEDICARE COST REPORT BUT SHOULD BE INCLUDED FOR PURPOSE OF
		SCHEDULE H THE MEDICARE CHARGES ASSOCIATED
		WITH BULLET POINTS 1 THROUGH 4 ABOVE WERE APPLIED TO THE CALCULATED COST TO CHARGE RATIOS
		FROM THE MEDICARE COST REPORT TO DETERMINE ITS COST THIS COST DATA, ALONG WITH THE COST DATA
		ALREADY COMPILED FROM THE AS FILED MEDICARE COST
		REPORT WAS THE BASIS FOR THE ALLOWABLE MEDICARE COST OF \$192,483,728 THE TOTAL SHORTFALL
		REPORTED ON SCHEDULE H, PART III, LINE 7 WAS \$18,869,942 THE ENTIRE SHORTFALL SHOULD BE
		CONSIDERED A COMMUNITY BENEFIT FOR MEMORIAL
		MEDICAL CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL, AND TAYLORVILLE MEMORIAL HOSPITAL
		THIS SHORTFALL REFLECTS THE EXCESS COSTS INCURRED BY MEMORIAL MEDICAL CENTER THAT
		CURRENT FEE-FOR-SERVICE PAYMENTS PRESENTLY DO
		NOT COVER THESE ARE VITAL SERVICES TO THE COMMUNITY THESE THREE HOSPITALS SERVE THAT
		CURRENT MEDICARE PAYMENTS DO NOT COVER IN THE
		COMMUNITY THAT MEMORIAL MEDICAL CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL, AND
		TAYLOVILLE MEMORIAL HOSPITAL SERVE, MEDICARE IS AN IMPORTANT PAYOR ACCORDINGLY, ALL THREE
		HOSPITALS ACCEPT MEDICARE PATIENTS REGARDLESS
		OF WHETHER THEIR TREATMENTS WILL RESULT IN A SURPLUS OR DEFICIT TO THE HOSPITAL BY PROVIDING
		THESE SERVICES TO MEDICARE PATIENTS, THE MHS HOSPITALS PROMOTE ACCESS TO HEALTH CARE AND
		PROVIDE A COMMUNITY BENEFIT ADDITIONALLY, THE
		ELDERLY ARE OFTEN AN UNDERSERVED POPULATION WHO EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE
		SERVICES WITHOUT TAX-EXEMPT HOSPITALS
		PROVIDING MEDICARE SERVICES, CMS AND THE U S GOVERNMENT WOULD BEAR THE BURDEN OF DIRECTLY
		PROVIDING SERVICES TO THE ELDERLY ACCORDINGLY, MEMORIAL MEDICAL CENTER, ABRAHAM LINCOLN
		MEMORIAL HOSPITAL, AND TAYLORVILLE MEMORIAL
		HOSPITAL HAVE LESSENED THE BURDENS OF GOVERNMENT BY PROVIDING SERVICES TO THIS AT-RISK
		POPULATION

I dentifier	ReturnReference	Explanation
		PART III, LINE 9B MEMORIAL MEDICAL CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL AND
		TAYLORVILLE MEMORIAL HOSPITAL PROACTIVELY INFORM PATIENTS OF THEIR CHARITY CARE AND
		UNINSURED DISCOUNT ASSISTANCE AND THE ELIGIBILITY CRITERIA, WHICH EXTENDS UP TO 750% OF
		FEDERAL POVERTY GUÍDELINES A FINANCIAL ASSISTANCE/BILLING LINK ON EACH HOSPITAL WEBSITE
		GOES TO BILLING INFORMATION WHICH INCLUDES A LINK TO THE CHARITY CARE AND UNINSURED DISCOUNT
		PROGRAM INFORMATION AND APPLICATION THE
		APPLICATION FORM IS AVAILABLE IN SPANISH AS WELL AS ENGLISH FOREIGN LANGUAGE TRANSLATION
		ASSISTANCE IS AVAILABLE UPON REQUEST INFORMATION ON THE AVAILABILITY OF CHARITY CARE
		AND UNINSURED DISCOUNT ASSISTANCE IS POSTED AT ALL PATIENT REGISTRATION POINTS, INCLUDING THE
		EMERGENCY DEPARTMENT THE "PEACE OF MIND REGARDING PAYMENT" BROCHURE IS OFFERED TO EVERY
		PATIENT AT EVERY VISIT AND IS AVAILABLE IN SPANISH EMPLOYEES IN PATIENT REGISTRATION, PATIENT
		FINANCIAL SERVICES AND SOCIAL SERVICES ARE TRAINED TO UNDERSTAND THE CHARITY CARE POLICY
		AND KNOW HOW TO DIRECT QUESTIONS TO THE APPROPRIATE HOSPITAL REPRESENTATIVE HOSPITAL
		STAFF WHO REGULARLY INTERACT WITH PATIENTS ARE
		TRAINED AND KNOWLEDGEABLE ABOUT THE CHARITY CARE POLICY IF NECESSARY, THEY ARE ABLE TO DIRECT
		PATIENT QUESTIONS REGARDING THE POLICY TO A KNOWLEDGEABLE HOSPITAL REPRESENTATIVE WHO IS
		ALSO ABLE TO DISCUSS WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT PROGRAMS,
		SUCH AS MEDICAID OR OTHER STATE PROGRAMS, AND ASSIST THE PATIENT WITH QUALIFICATION FOR SUCH
		PROGRAMS, WHERE APPLICABLE EACH HOSPITAL EMPLOYS PATIENT FINANCIAL COUNSELORS WHOSE JOB
		IS TO VISIT ALL INPATIENTS WHO ARE IDENTIFIED AS SELF-PAY WITHIN 24 HOURS OF ADMISSION THE
		FINANCIAL COUNSELORS PROVIDE INFORMATION ON CHARITY CARE AND UNINSURED DISCOUNTS AND, IF THE
		PATIENT HAS APPROPRIATE INFORMATION, COMPLETE
		THE CHARITY CARE APPLICATION ON THE SPOT ANY SELF-PAY INPATIENT WHO MAY HAVE BEEN DISCHARGED
		WITHOUT A VISIT FROM THE FINANCIAL COUNSELOR RECEIVES A FOLLOW-UP PHONE CALL OR CHARITY CARE
		APPLICATION PACKET IN THE MAIL IF INPATIENTS ARE IDENTIFIED AS BEING ELIGIBLE FOR MEDICAID OR OTHER
		GOVERNMENT BENEFITS, THIS APPLICATION PROCESS IS ALSO IMMEDIATELY STARTED WHILE THEY ARE PATIENTS
		MEMORIAL MEDICAL CENTER EMPLOYS A FULL-TIME MEDICAID COORDINATOR WHO CONTINUES WORKING
		WITH PATIENTS POST-DISCHARGE TO WALK THEM THROUGH THE ENTIRE APPLICATION PROCESS EVERY
		HOSPITAL BILLING STATEMENT INCLUDES FINANCIAL ASSISTANCE INFORMATION WITH A PHONE NUMBER TO
		CALL FOR INFORMATION PATIENTS ARE ENCOURAGED
		TO INQUIRE ABOUT FINANCIAL ASSISTANCE AT ANY STAGE OF THE BILLING PROCESS THE MHS HOSPITALS
		STRIVE TO HAVE A CONSISTENT AND COURTEOUS APPROACH TO COLLECTIONS MEMORIAL MEDICAL
		CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL AND TAYLORVILLE MEMORIAL HOSPITAL OFFER FINANCIAL
		COUNSELING AND SCREENING TO PATIENTS TO ENSURE THAT ANY OTHER POTENTIAL THIRD PARTY COVERAGE
		UNDER OTHER GOVERNMENT PROGRAMS SUCH AS MEDICAID CAN BE IDENTIFIED MEMORIAL MEDICAL
		CENTER WILL NOT REFER ACCOUNTS TO A COLLECTION AGENCY, FILE ANY LAWSUIT, OR GARNISH WAGES
		AGAINST ANY PARTICULAR PATIENT TO COLLECT MEDICAL DEBT UNTIL MMC VERIFIES THE FOLLOWING
		REASONABLE BASIS FOR BELIEVING PATIENT OWES THE DEBT, MMC WILL MAKE ALL REASONABLE ATTEMPTS TO
		BILL THIRD PARTY PAYERS AND CONFIRM ANY
		REMAINING AMOUNTS ARE TRULY THE FINANCIAL RESPONSIBILITY OF THE PATIENT, WHEN THE PATIENT
		HAS INDICATED AN INABILITY TO PAY (MMC WILL VERIFY THE INABILITY TO PAY) AND MMC WILL OFFER A
		REASONABLE PAYMENT PLAN AND, THE PATIENT HAS BEEN GIVEN A REASONABLE OPPORTUNITY TO SUBMIT
		AN APPLICATION FOR CHARITY CARE ALL HOSPITALS HAVE A CODE OF CONDUCT POLICY THAT SETS FORTH
		CERTAIN PRINCIPLES TO WHICH AGENCIES, REPRESENTATIVES AND COLLECTORS ARE EXPECTED TO
		ADHERE THE AGENCIES ARE REQUIRED TO COMPLY WITH ALL OF THE RELEVANT TERMS OF THE FAIR PATIENT
		BILLING ACT, AND, IN PARTICULAR, SECTION 30(C) WHICH ENUMERATES CERTAIN PREREQUISITE
		CONDITIONS WHICH MUST BE SATISFIED BEFORE AN AGENCY CAN INITIATE ANY LEGAL ACTION AGAINST A
		PATIENT WHICH IS RELATED TO A FAILURE BY THAT
		PATIENT TO PAY A HOSPITAL BILL THE AGENCIES ARE ALSO REQUIRED TO COMPLY WITH ALL OF THE RELEVANT
		TERMS OF THE ACA INTERNATIONAL CODE OF ETHICS AND PROFESSIONAL RESPONSIBILITY ONCE A CHARITY
		CARE DETERMINATION IS MADE, ALL COLLECTION EFFORTS CEASE IF AN ACCOUNT IS AT A COLLECTION
		AGENCY, THE ACCOUNT IS RETURNED BACK TO THE HOSPITAL FOR CHARITY PROCESSING ALL PATIENT
		COMPLAINTS REGARDING DISSATISFACTION WITH SERVICES RENDERED OR BILLING ISSUES ARE HANDLED
		PROMPTLY AND IN A COURTEOUS MANNER TO ENSURE THAT CUSTOMER SERVICE REMAINS THE FOCUS OF ANY
		PATIENT CONCERN ALL COMPLAINTS ARE CONSIDERED
		VALID AND PATIENT FEEDBACK IS WELCOME WITH RESPECT TO DISPUTED MATTERS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 NEEDS ASSESSMENTTHE MISSION OF MEMORIAL HEALTH SYSTEM IS TO HELP MAINTAIN, RESTORE AND IMPROVE THE HEALTH OF THE PEOPLE AND COMMUNITIES WE SERVE THE COMMUNITY BENEFIT
		COMMITTEE OF THE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS IS RESPONSIBLE FOR OVERSEEING AND
		MAKING RECOMMENDATIONS WITH RESPECT TO ALL FORMS OF BENEFIT PROVIDED BY MHS AND ITS AFFILIATES, INCLUDING OUR CHARITY CARE POLICY AND
		PERFORMANCE THE COMMITTEE OVERSEES THE COMMUNITY BENEFIT PROCESS FOR THE THREE MHS
		HOSPITALS MEMORIAL MEDICAL CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL, AND TAYLORVILLE
		MEMORIAL HOSPITAL THE COMMITTEE ALSO APPROVES THE ANNUAL COMMUNITY BENEFIT POLICY AND
		COMMUNITY NEEDS ASSESSMENT AND RECOMMENDS TO THE BOARD THE ANNUAL COMMUNITY BENEFIT PLAN AND BUDGET THE COMMITTEE MEETS QUARTERLY TO
		RECEIVE UPDATES ON THE COMMUNITY BENEFIT PROGRAMS AND ANNUALLY RATES THE SUCCESS IN
		MEETING THE COMMUNITY BENEFIT PLAN'S GOALS MEMORIAL HEALTH SYSTEM PARTICIPATES IN
		NUMEROUS NEED ASSESSMENTS CONDUCTED BY LOCAL AGENCIES IN SANGAMON, LOGAN AND CHRISTIAN COUNTIES THESE INCLUDE THE ILLINOIS DEPARTMENT
		OF PUBLIC HEALTH'S "ILLINOIS PROJECT FOR LOCAL ASSESSMENTS OF NEEDS"(IPLAN) FOR LOCAL PUBLIC
		HEALTH DEPARTMENTS IN SANGAMON, LOGAN AND CHRISTIAN COUNTIES MHS HAS PARTICIPATED IN
		ADDITIONAL NEED ASSESSMENTS CONDUCTED BY LOCAL UNITED WAYS, LOGAN COUNTY HEALTHY COMMUNITIES PARTNERSHIP, THE SANGAMON COUNTY MEDICAL
		SOCIETY, SANGAMON COUNTY COMMUNITY HEALTH INITIATIVE, LOCAL CHAMBERS OF COMMERCE, YMCAS
		AND OTHERS ADDITIONAL INFORMATION TO ASSESS NEED COMES FROM HOSPITAL ADMISSIONS AND DISCHARGES, LEADING CAUSES OF MORTALITY AND
		MORBIDITY IN EACH COUNTY AS REPORTED BY THE ILLINOIS DEPARTMENT OF PUBLIC HEALTH, AND THE U S
		DEPARTMENT OF HEALTH AND HUMAN SERVICES HEALTHY PEOPLE 2020 INFORMATION FROM ALL THESE
		SOURCES IS USED TO PRIORITIZE MHS'S COMMUNITY BENEFIT INITIATIVES, AND TO ASSURE THAT THOSE INITIATIVES ARE ALIGNED WITH MHS'S MISSION,
		STATEMENT OF VALUES, STRATEGIC PLAN AND BUDGET PRIORITIES ARE ESTABLISHED BASED ON OVERALL NEED,
		LEADING CAUSES OF DEATH, IMPACT ON HEALTH STATUS, ORGANIZATIONAL CORE COMPETENCIES,
		RESOURCES AND WHEREWITHAL TO MEANINGFULLY ADDRESS THE NEED EACH MEMORIAL AFFILIATE HAS THE FLEXIBILITY TO DEVELOP SPECIFIC COMMUNITY BENEFIT
		PROGRAMS AND INITIATIVES THAT ARE DESIGNED TO RESPOND TO THE NEEDS OF ITS PARTICULAR
		COMMUNITY MEMORIAL HEALTH SYSTEM UNDERSTANDS THAT COLLABORATION WITH OTHER COMMUNITY ORGANIZATIONS IS AN IMPORTANT COMPONENT OF
		COMMUNITY HEALTH IMPROVEMENT EFFORTS AND RESPONDS TO DIRECT COMMUNITY REQUESTS FOR
		PROGRAMS AND ASSISTANCE PRIORITY FOCUS AREAS FOR FY2011 COMMUNITY BENEFIT PROGRAMS WERE (1)
		IMPROVING ACCESS TO CARE, (2) INCREASING PUBLIC AWARENESS OF RISK FACTORS ASSOCIATED WITH CORONARY ARTERY DISEASE, (3) INCREASING PUBLIC
		AWARENESS OF RISK FACTORS ASSOCIATED WITH CANCER, (4) EXECUTING OTHER COMMUNITY BENEFIT
		PROGRAMS TO MEET DEFINED COMMUNITY NEEDS, IN COLLABORATION WITH OTHER COMMUNITY
		ORGANIZATIONS WHEN POSSIBLE, AND (5) PREPARING TO CONDUCT A COMMUNITY HEALTH NEED ASSESSMENT TO BE COMPLETED IN FY12 THAT MEETS THE GUIDELINES
		OF THE SECTION 9007 OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT AND THE REQUIREMENTS OF
		IRS NOTICE 2011-52

ReturnReference	Explanation
	PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY
	FOR ASSISTANCEMEMORIAL HEALTH SYSTEM HOSPITALS
	RECOGNIZE THAT THERE ARE UNFORTUNATE OCCASIONS
	WHEN PATIENTS ARE NOT FINANCIALLY ABLE TO PAY FOR
	THEIR MEDICAL CARE, AND ARE NOT ELIGIBLE FOR
	FEDERAL OR STATE MEDICAL ASSISTANCE PROGRAMS
	SINCE THE PROVISION OF CARE IS NOT DEPENDENT ON
	THE PATIENT'S ABILITY TO PAY, MEMORIAL MEDICAL
	CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL, AND
	TAYLORVILLE MEMORIAL HOSPITAL HAVE ESTABLISHED
	GUIDELINES IN WHICH A PATIENT MAY APPLY AND
	QUALIFY FOR CHARITY CARE ASSISTANCE IT IS
	IMPORTANT THAT CHARITY CARE APPLICANTS
	COOPERATE WITH THE HOSPITAL'S NEED FOR ACCURATE
	AND DETAILED INFORMATION WITHIN A REASONABLE
	TIMEFRAME IN THE ABSENCE OF A COMPLETED CHARITY
	APPLICATION, CHARITY MAY BE CONSIDERED WHEN
	SUPPORTED BY OTHER COLLABORATING CREDIT
	INFORMATION IN CASES WHERE THE PATIENT DOES NOT
	PROVIDE INFORMATION FOR CHARITY CARE, MMC, ALMH
	AND TMH UTILIZE AN OUTSIDE TOOL FROM TRANSUNION
	CREDIT BUREAU TO EVALUATE THE PATIENT'S
	FINANCIAL STATUS AND CREDIT WORTHINESS NOT ONLY
	DOES TRANSUNION SUPPLY THE USER WITH A CREDIT
	REPORT, BUT IT PROVIDES OTHER HELPFUL
	INFORMATION INCLUDING ESTIMATED MONTHLY INCOME
	AND ONE'S ELIGIBILITY FOR FINANCIAL ASSISTANCE IN
	CASES WHERE REPORTS COME BACK INDICATING THAT
	THE PATIENT MEETS THE HOSPITAL'S CHARITY
	DEFINITION, THE PATIENT WILL BE GRANTED CHARITY
	THIS IS TO PREVENT QUALIFYING CHARITY PATIENTS
	WHO DO NOT COMPLETE A CHARITY APPLICATION FROM
	BEING TURNED OVER FOR COLLECTIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 PATIENT EDUCATION OF ELIGIBILITY
		FOR ASSISTANCEMEMORIAL HEALTH SYSTEM HOSPITALS
		RECOGNIZE THAT THERE ARE UNFORTUNATE OCCASIONS
		WHEN PATIENTS ARE NOT FINANCIALLY ABLE TO PAY FOR
		THEIR MEDICAL CARE, AND ARE NOT ELIGIBLE FOR
		FEDERAL OR STATE MEDICAL ASSISTANCE PROGRAMS
		SINCE THE PROVISION OF CARE IS NOT DEPENDENT ON
		THE PATIENT'S ABILITY TO PAY, MEMORIAL MEDICAL
		CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL, AND TAYLORVILLE MEMORIAL HOSPITAL HAVE ESTABLISHED
		GUIDELINES IN WHICH A PATIENT MAY APPLY AND
		OUALIFY FOR CHARITY CARE ASSISTANCE IT IS
		IMPORTANT THAT CHARITY CARE APPLICANTS
		COOPERATE WITH THE HOSPITAL'S NEED FOR ACCURATE
		AND DETAILED INFORMATION WITHIN A REASONABLE
		TIMEFRAME IN THE ABSENCE OF A COMPLETED CHARITY
		APPLICATION, CHARITY MAY BE CONSIDERED WHEN
		SUPPORTED BY OTHER COLLABORATING CREDIT
		INFORMATION IN CASES WHERE THE PATIENT DOES NOT
		PROVIDE INFORMATION FOR CHARITY CARE, MMC, ALMH
		AND TMH UTILIZE AN OUTSIDE TOOL FROM TRANSUNION
		CREDIT BUREAU TO EVALUATE THE PATIENT'S
		FINANCIAL STATUS AND CREDIT WORTHINESS NOT ONLY
		DOES TRANSUNION SUPPLY THE USER WITH A CREDIT
		REPORT, BUT IT PROVIDES OTHER HELPFUL
		INFORMATION INCLUDING ESTIMATED MONTHLY INCOME
		AND ONE'S ELIGIBILITY FOR FINANCIAL ASSISTANCE IN
		CASES WHERE REPORTS COME BACK INDICATING THAT
		THE PATIENT MEETS THE HOSPITAL'S CHARITY
		DEFINITION, THE PATIENT WILL BE GRANTED CHARITY
		THIS IS TO PREVENT QUALIFYING CHARITY PATIENTS
		WHO DO NOT COMPLETE A CHARITY APPLICATION FROM
		BEING TURNED OVER FOR COLLECTIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 EACH OF THE HOSPITAL'S BOARD OF DIRECTORS IS MADE UP OF MEDICAL AND BUSIN ESS
		PROFESSIONALS WHO RESIDE IN THAT HOSPITAL'S PRIMARY SERVICE AREA THESE VOLUNTEERS GIV E
		NUMEROUS HOURS OF SERVICE IN THEIR OVERSIGHT ROLE AND ARE INVOLVED IN THE COMMUNITY NEED S
		ASSESSMENT PROCESS, FUNDRAISING, AND GENERAL STEWARDSHIP MORE THAN 500 PEOPLE VOLUNTEER AT
		THE THREE HOSPITALS AS ESCORTS, WAITING ROOM HOSTS AND HOSTESSES AND A WIDE RANGE OF O THER
		VOLUNTEER ROLES ALL MHS HOSPITALS HAVE OPEN MEDICAL STAFFS THAT ALLOW MEMBERSHIP TO A NYONE
		WHO MEETS CREDENTIALING REQUIREMENTS ALL THREE HOSPITALS PARTICIPATE IN MEDICARE, M EDICAID,
		CHAMPUS, TRICARE AND OTHER GOVERNMENT PROGRAMS AND ARE DISPROPORTIONATE SHARE MED
		ICAID HOSPITALS THAT PROVIDE FINANCIAL ASSISTANCE AND SLIDING SCALE DISCOUNTS
		ACCORDING TO BOARD-APPROVED CHARITY CARE POLICIES MEMORIAL MEDICAL CENTER SERVES AS THE
		REGIONAL BURN CENTER, SERVING ACUTELY BURNED PATIENTS FROM CENTRAL AND SOUTHERN ILLINOIS, AND
		IS THE RE GIONAL REHABILITATION PROVIDER FOR SPINAL CORD INJURIES, CLOSED HEAD INJURIES,
		STROKES AND COMPREHENSIVE INPATIENT AND OUTPATIENT REHABILITATION MEMORIAL MEDICAL
		CENTER MAINTAINS A 24-HOUR EMERGENCY DEPARTMENT THAT IS PART OF THE SOUTHERN ILLINOIS
		(LEVEL 1) TRAUMA CENTE R THE EMERGENCY DEPARTMENT HAS TRADITIONALLY SERVED AS A SAFETY
		NET HEALTHCARE PROVIDER FOR THE UNINSURED AND UNDERINSURED WHO DO NOT HAVE PRIMARY CARE
		PHYSICIANS IT PROVIDES SER VICES TO ALL PEOPLE REGARDLESS OF ABILITY TO PAY TO HELP MEET
		COMMUNITY NEED AND ALLEVIAT E USE OF THE EMERGENCY DEPARTMENT FOR NON-EMERGENT CARE,
		MHS OPERATES THREE EXPRESSCARE WA LK-IN FACILITIES THESE PROMPT-CARE SITES USE THE SAME
		CRITERIA FOR PATIENTS AS THE EMERGE NCY DEPARTMENT THE UNINSURED AND THOSE ON PUBLIC
		INSURANCE PROGRAMS RECEIVE THE SAME LEVE L OF CARE AND TREATMENT AS ANY OTHER PATIENTS
		CHARITY CARE IS PROVIDED AS NEEDED MEMORIAL MEDICAL CENTER COLLABORATES WITH COMMUNITY
		PROVIDERS TO SERVE THE LOWINCOME AND UNINSURE D POPULATION MMC PROVIDES DIAGNOSTIC,
		OUTPATIENT AND INPATIENT SERVICES FOR PATIENTS OF C ENTRAL COUNTIES HEALTH CENTER, A FEDERALLY
		QUALIFIED HEALTH CENTER THAT MEMORIAL MEDICAL C ENTER WAS INSTRUMENTAL IN STARTING MMC ALSO
		PROVIDES FREE AND REDUCED-COST INPATIENT AND OUTPATIENT SERVICES TO PATIENTS OF SOUTHERN
		ILLINOIS UNIVERSITY CENTER FOR FAMILY MEDICINE , A PRIMARY CARE MEDICAL GROUP THAT SERVES LOW
		INCOME MEDICAID AND MEDICARE POPULATIONS M MC ALSO PROVIDES OPERATING EXPENSES FOR
		COORDINATED ACCESS TO COMMUNITY HEALTH (CATCH), A PROGRAM THAT IS INCREASING ACCESS TO
		CARE, PARTICULARLY PHYSICIAN SPECIALISTS, FOR UNINSUR ED ADULTS IN SANGAMON COUNTY MMC
		PROVIDES CHARITY CARE FOR CATCH PATIENTS MMC UTILIZES S URPLUS FUNDS TO IMPROVE PATIENT CARE,
		MEDICAL EDUCATION AND RESEARCH DURING FY11 MMC USED SURPLUS FUNDS TO EXPAND THE EMERGENCY
		DEPARTMENT BY EIGHT ROOMS TO MEET GROWING COMMUNITY NEED FOR ADDITIONAL ACCESS TO
		SERVICES DURING THE PAST YEAR MMC'S REGIONAL CANCER CENTER MADE SEVERAL SIGNIFICANT
		RENOVATIONS,ADDING TWO NEW LINEAR ACCELERATORS TO ITS RADIATION THERAPY DEPARTMENT, DELIVERING
		HIGHER DOSES OF RADIATION MORE PRECISELY AND QUICKLY, REDUC ING SIDE EFFECTS AND LONG-TERM
		COMPLICATIONS FOR CANCER PATIENTS IT ALSO OPENED A NEW INF USION SERVICES DEPARTMENT THAT
		IS DOUBLE THE SIZE OF THE PREVIOUS UNIT, OFFERING CHEMOTHER APY AND OTHER INFUSION SERVICES TO
		ABOUT 1,000 PATIENTS ANNUALLY IN FY11 MMC ALSO RENOVAT ED ITS OUTPATIENT IMAGING CENTER,
		IMPROVING ACCESS TO CARE AS WELL AS PATIENT SAFETY, PRIV ACY AND COMFORT FOR MORE THAN 26,000
		PATIENTS ANNUALLY, MANY WHO TRAVEL 60-75 MILES TO GET THESE SERVICES AT MMC SURPLUS FUNDS ARE
		ALSO DEVOTED TO MEMORIAL'S COMMITMENT TO MEDICAL EDUCATION MEMORIAL MEDICAL CENTER
		SERVES AS A TEACHING HOSPITAL FOR SOUTHERN ILLINOIS UN IVERSITY SCHOOL OF MEDICINE MMC AND
		ALMH ALSO SERVE AS CLINICAL TRAINING SITES FOR MULTIP LE NURSING SCHOOLS AND OTHER UNIVERSITY
		AND COLLEGE HEALTH PROFESSIONAL TRAINING PROGRAMS IN THE REGION THESE INCLUDE RADIOLOGY
		AND PHARMACY TECHNICIANS, CERTIFIED REGISTERED NURS E ANESTHESIOLOGISTS, CLINICAL LABORATORY
		SCIENTISTS, SPEECH PATHOLOGISTS, PHYSICAL AND OCC UPATIONAL THERAPISTS AND OTHERS MMC ALSO
		SUPPORTS CLINICAL RESEARCH AND OFFERS NUMEROUS C ANCER TRIALS THROUGH THE CENTRAL ILLINOIS
		COMMUNITY CLINICAL ONCOLOGY PROGRAM, WHICH RECEI VES SUPPORT FROM THE NATIONAL CANCER
		INSTITUTE MORE THAN 450 RESEARCH PROJECTS AND PROTOC OLS ARE OPEN AT ANY GIVEN TIME MMC
		PROVIDES FUNDING AND SUPPORT FOR THE SPRINGFIELD COMMI TTEE ON RESEARCH IN HUMAN SUBJECTS, THE
		LOCAL INSTITUTIONAL REVIEW BOARD FOR CLINICAL RESE ARCH TRIALS IN SPRINGFIELD MMC, ALMH, AND TMH
		SURPLUS FUNDS ALSO PROVIDE SERVICES AND EXPA ND ACCESS POINTS OF CARE TO PATIENTS THROUGHOUT
		THE COMMUNITIES WE SERVE THROUGH EDUCATIO NAL PROGRAMS THAT PROVIDE CLASSES AND INFORMATION
		ON A WIDE RANGE OF WELLNESS TOPICS, FREE AND LOW- COST HEALTH SCREENINGS, AND FREE SUPPORT GROUPS
		FOR PARTICULAR DISEASES/HEALTH IS SUES (SUCH AS BREAST CANCER, PROSTATE CANCER, KIDN

Identifier	ReturnReference	Explanation
		EY/PANCREAS TRANSPLANT PATIENTS, STROKE/BRAIN INJURY, AND HEART FAILURE) MMC ALSO PAYS FO R
		PHARMACEUTICAL PRESCRIPTIONS FOR INDIGENT PATIENTS UPON DISCHARGE WHO CANNOT AFFORD TO F
		ILL THEIR PRESCRIPTIONS MMC SUPPORTS KUMLER
		OUTREACH MINISTRIES, A LOCAL PROGRAM THAT PRO VIDES PHARMACEUTICAL ASSISTANCE TO THE
		INDIGENT MMC ALSO COVERS THE COSTS FOR
		AMBULANCES AND MEDICARS THAT TRANSFER MEDICARE PATIENTS AND THE INDIGENT FROM THE HOSPITAL TO
		THEIR HOMES ALMH HAS 25 STAFFED BEDS AND SERVICES OFFERED INCLUDE 24-HOUR EMERGENCY
		MEDICINE, GE NERAL ACUTE INPATIENT CARE,
		INTENSIVE CARE, PAIN MANAGEMENT, ORTHOPEDICS, SURGERY AND THE FAMILY MATERNITY SUITES ALMH
		ALSO OFFERS A FULL RANGE OF OUTPATIENT REHABILITATION, THERA PY, AND DIAGNOSTIC TESTING
		WITH THE OPENING OF A NEW REPLACEMENT HOSPITAL
		IN MARCH, 2011, ALMH BEGAN OFFERING WARM-WATER THERAPY FOR PHYSICAL THERAPY PATIENTS AND
		ARTHRITIS PATIEN TS SEEKING RELIEF FROM THEIR
		SYMPTOMS A FIXED MRI UNIT AND UPGRADED CT SCAN OPENED UP A N UMBER OF NEW TESTS FOR LOCAL
		PATIENTS, WHO PREVISOULY HAD TO BE TRANSFERRED OUT OF THE COU NTY FOR THESE TESTS ABRAHAM
		LINCOLN MEMORIAL HOSPITAL'S EMERGENCY
		DEPARTMENT HAS TRADITION ALLY SERVED AS A SAFETY NET HEALTHCARE PROVIDER FOR THE UNINSURED AND
		UNDERINSURED WHO DO NOT HAVE PRIMARY CARE PHYSICIANS TO HELP MEET COMMUNITY NEED AND
		ALLEVIATE USE OF THE EME RGENCY DEPARTMENT FOR
		NON-EMERGENT CARE, ABRAHAM LINCOLN MEMORIAL HOSPITAL COLLABORATES TH ROUGH THE HEALTHY
		COMMUNITIES PARTNERSHIP WITH THE LOGAN COUNTY DEPARTMENT OF PUBLIC HEALT H AND FAMILY MEDICAL
		CENTER (PART OF MEMORIAL PHYSICIAN SERVICES, AN
		MHS AFFILIATE) TO TAKE PRIMARY AND PREVENTIVE CARE TO SMALL RURAL COMMUNITIES IN LOGAN COUNTY
		VIA THE HOPE MOBILE A NURSE PRACTITIONER AND
		PUBLIC HEALTH NURSE STAFF THIS MOBILE UNIT, WHICH MAKES WEEKLY VISITS TO OUTLYING RURAL
		COMMUNITIES IN LOGAN COUNTY THIS PROGRAM, ESTABLISHED IN 1 998, IS ESPECIALLY BENEFICIAL TO
		RURAL SENIORS OVER 30% OF THE PATIENTS ARE AGED
		61-80 YE ARS OLD, AND OVER 40% ARE OVER THE AGE OF 81 IN FY2011, THE H O P E MOBILE PROVIDED 403
		DENTAL APPOINTMENTS FOR LOW-INCOME CHILDREN AND PREGNANT WOMEN, AND 1,993 OTHER PRIMARY- A
		ND PREVENTIVE-CARE MEDICAL SERVICES ABRAHAM
		LINCOLN MEMORIAL HOSPITAL EMPLOYS THE PROGRAM COORDINATOR AND OVERSEES MAINTENANCE OF THE
		UNIT ABRAHAM LINCOLN HEALTHCARE FOUNDATION C ONTRIBUTES FUNDING AND ONGOING SUPPORT THAT
		MAKES THE PROGRAM POSSIBLE TAYLORVILLE MEMORIA
		L HOSPITAL USES SURPLUS FUNDS TO CONTINUALLY IMPROVE PATIENT CARE IN MARCH 2011 THE HOSPI TAL
		OPENED A 32,000-SQUARE-FOOT FACILITY THAT IS HOME TO A NEW EMERGENCY DEPARTMENT, RADIO LOGY
		SERVICES AND OUTPATIENT SURGERY CENTER THE NEW
		FACILITY IS DESIGNED FOR OUTPATIENT S ERVICES, OFFERS CLOSE PARKING, AND IMPROVES PATIENT
		SAFETY THE NEW EMERGENCY DEPARTMENT O FFERS 10
		TREATMENT ROOMS, INCLUDING TWO LEVEL-TWO TRAUMA BAYS AND AN ISOLATION ROOM WITH N
		EGATIVE AIR FLOW FOR PATIENTS WHO ARE AT RISK OF AIRBORNE TRANSMISSION OF CONTAGIOUS DISEA SES
		CONVENIENTLY NEAR THE EMERGENCY DEPARTMENT IS
		THE NEW RADIOLOGY SERVICES AREA, WHICH ADDED A NEW MRI UNIT FOR THE PAST 20 YEARS THE HOSPITAL
		RELIED ON A MOBILE MRI THAT HAD L IMITED AVAILABILITY OTHER SERVICES OFFERED INCLUDE CT.
		DIGITAL MAMMOGRAPHY, ECHOCARDIOLOGY,
		ULTRASOUND/SONO GRAPHY AND NUCLEAR MEDICINE THE NEW OUTPATIENT SURGERY CENTER OFFERS TH REE
		OPERATING ROOMS WITH ADVANCED TECHNOLOGY AND NEW EQUIPMENT FOR A VARIETY OF OUTPATIENT
		SURGICAL PROCEDURES TWO INDIVIDUAL PATIENT
		ASSESSMENT ROOMS OFFER A PLACE FOR PRIVATE IN TERVIEWS AN ADDITIONAL INVESTMENT THE HOSPITAL
		MADE WAS IMPROVING SAFETY IN ACCESSING THE
		HOSPITAL A NEW ROADWAY NOW DIRECTLY CONNECTS THE HOSPITAL WITH ROUTE 29, PROVIDING AMBUL
		ANCES A MORE DIRECT AND SAFER ROUTE, AND DIVERTING THE MAJORITY OF THE HOSPITAL TRAFFIC AW
		AY FROM THE RESIDENTIAL AND SCHOOL AREA THAT
		PREVIOUSLY WAS THE ONLY WAY TO ACCESS THE HOS PITAL

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 MEMORIAL HEALTH SYSTEM, A 501(C)(3) CORPORATION, IS THE SOLE CORPORATE ME MBER OF
		ABRAHAM LINCOLN MEMORIAL HOSPITAL, A RURAL CRITICAL ACCESS HOSPITAL, TAYLORVILLE M EMORIAL
		HOSPITAL, A RURAL CRITICAL ACCESS HOSPITAL, AND MEMORIAL MEDICAL CENTER, A 500-BED TERTIARY CARE
		HOSPITAL THAT OFFERS A FULL RANGE OF INPATIENT AND OUTPATIENT SERVICES OTH ER AFFILIATES
		INCLUDE MEMORIAL PHYSICIAN SERVICES, A PRIMARY CARE PHYSICIAN NETWORK THAT INCLUDES SEVERAL CLINICS LOCATED IN MEDICALLY UNDERSERVED OR
		HEALTH MANPOWER SHORTAGE AREA S, MENTAL HEALTH CENTERS OF CENTRAL ILLINOIS, A MULTI-COUNTY
		OUTPATIENT MENTAL HEALTH NETW ORK THAT PROVIDES SERVICE BASED ON A SLIDING-SCALE FEE SCHEDULE
		AND FREE CARE TO A WIDE RA NGE OF PATIENTS WITH PSYCHIATRIC DISORDERS, MEMORIAL HOME SERVICES, A
		MULTI-COUNTY HOME CA RE AND HOSPICE PROGRAM, A CHILD CARE CENTER, AND THREE HOSPITAL
		FOUNDATIONS, ALL OF WHICH ARE 501(C)(3) ENTITIES HEALTH SYSTEM AFFILIATES INTEGRATE SERVICES TO
		PROVIDE IMPROVED AC CESS AND STREAMLINED TRANSITIONS BETWEEN THE DOCTORS OFFICES,
		HOSPITAL, HOME HEALTH AGENCY , NURSING HOME AND MENTAL HEALTH CLINICS MEMORIAL HEALTH SYSTEM'S
		AFFILIATES ENGAGE IN A WIDE RANGE OF COMMUNITY BENEFIT ACTIVITIES IN ADDITION TO THE HOSPITAL
		ACTIVITIES FOR MEM ORIAL MEDICAL CENTER, ABRAHAM LINCOLN MEMORIAL HOSPITAL AND TAYLORVILLE
		MEMORIAL HOSPITAL MENTIONED IN PART VI, LINE 5, OTHER AFFILIATE COMMUNITY BENEFITS INCLUDE THE
		FOLLOWING ME NTAL HEALTH CENTER'S OF CENTRAL ILLINOIS PROVIDES NUMEROUS COMMUNITY BENEFITS
		JUST A FEW OF THESE INCLUDE PSYCHIATRIC CRISIS INTERVENTION WITH LOCAL SCHOOLS DEALING WITH
		SUICIDE O R OTHER TRAUMATIC EVENTS, CRISIS INTERVENTION TRAINING FOR LOCAL LAW ENFORCEMENT
		MENTALLY ILL HOMELESS PERSONS ADVOCACY AND
		COUNSELING IN FY11, MHCCI DEVELOPED A SUICIDE PREVENTION TRAINING/WEBINAR FOR SCHOOL PERSONNEL AND ALS O RAISED AWARENESS ABOUT
		MENTAL ILLNESS THROUGH COMMUNITY EVENTS AND PRESENTATIONS MHCCI IS COLLABORATING WITH
		LOCAL PARTNERS ON A PROJECT TO DEVELOP A PLAN FOR A COMMUNITY-BASED SYSTEM OF CARE THAT WILL
		TRANSFORM AND IMPROVE THE WAY MENTAL HEALTH SERVICES ARE PROVIDED TO CHILDREN AND YOUTH IN
		SPRINGFIELD MEMORIAL PHYSICIAN SERVICES PROVIDES MEDICAL EDUCATI ON OPPORTUNITIES FOR
		PHYSICIANS, NURSE PRACTITIONERS AND PHYSICIAN ASSISTANTS A PHYSICIAN FROM MPS WORKED WITH THE
		SPRINGFIELD SCHOOL DISTRICT TO PROVIDE STRESS COPING TRAINING FO R TEACHER (FUNDING CAME FROM
		THE MEMORIAL MEDICAL CENTER FOUNDATION) MEMORIAL HOME SERVICE S PROVIDES
		HOME HOSPICE CARE IN 14 ILLINOIS COUNTIES, OFFERING MEDICAL, SPIRITUAL AND EMOT IONAL
		SUPPORT FOR BOTH PATIENTS AND THEIR FAMILIES MEMORIAL HOME SERVICES ALSO PROVIDED 1 29 FREE
		OFFERING 2,342 FREE BLOOD PRESSURE AN D 1,000
		GLUCOSE SCREENINGS IN A WIDE VARIETY OF COMMUNITY LOCATIONS, 21% OF THE BLOOD PRES SURE SCREENINGS AND 12% OF THE GLUCOSE SCREENINGS
		WERE ABNORMAL THOSE PARTICIPANTS ARE RE FERRED TO THEIR PHYSICIANS FOR FOLLOW-UP CARE MEMORIAL
		HOME SERVICES ALSO DONATES WHEELCH AIRS AND OXYGEN TANKS FOR MULTIPLE LAND OF LINCOLN HONOR
		FLIGHTS, WHICH TAKE WORLD WAR II AND KOREAN WAR VETERANS ON FREE TOURS OF WAR MEMORIALS IN
		WASHINGTON, D C THE MEMORIAL MED ICAL CENTER FOUNDATION (MMCF) PROVIDES GRANTS FOR PATIENT
		CARE, EDUCATION AND RESEARCH EL EVEN GRANTS WERE AWARDED IN FY11 THESE GRANTS INCLUDED
		FUNDING FOR A STROKE TELEMEDICINE PROGRAM FOR RURAL PATIENTS, A STUDY TO PREDICT AND TEST FOR
		THE PRESENCE OF CHLAMYDIA AND GONORRHEA IN WOMEN WHO VISIT THE MEDICAL CENTER'S EMERGENCY
		DEPARTMENT, SUPPORT FOR AN IND IGENT PHARMACEUTICAL PROGRAM, MEDICATION
		FRECONCILIATIONS FOR SENIOR CITIZENS DISCHARGED FROM HOSPITALIZATION, A STUDY COMPARING RESULTS
		OF SURGICAL AND NON-SURGICAL TREATMENTS OF H AND FRACTURES, PURCHASE OF A PORTABLE PERIPHERAL BONE DENSITOMETER TO USE IN COMMUNITY HEA LTH
		SCREENINGS, AND TRAINING FOR ELEMENTARY SCHOOL TEACHERS TO TEACH THEIR STUDENTS CRITIC AL
		COPING SKILLS FOR CLASSROOM READINESS MANY OF THE RESEARCH GRANTS WERE PROVIDED TO SOU THERN
		ILLINOIS UNIVERSITY SCHOOL OF MEDICINE THE FOUNDATION ALSO ADMINISTERS A CANCER PAT IENT
		ASSISTANCE FUND THAT ASSISTS CANCER PATIENTS WITH UTILITIES, RENT AND OTHER BASIC EXP ENSES
		WHILE UNDERGOING CANCER TREATMENT AND A TRANSPLANT PATIENT ASSISTANCE FUND THAT ASSI STS
		KIDNEY TRANSPLANT PATIENTS WITH THE COSTS OF ANTI-REJECTION MEDICATIONS IN FY11, MMCF
		SUPPORTED A COMMUNITY-WIDE WOMEN'S HEALTH FAIR TO PROVIDE A VARIETY OF HEALTH SCREENINGS AND TO
		EDUCATE WOMEN ABOUT HEALTH ISSUES RANGING FROM CANCER TO BLOOD PRESSURE THE ABRAHA M LINCOLN
		HEALTHCARE FOUNDATION (ALHF) UNDERWRITES THE OPERATING EXPENSES OF THE LOGAN COU NTY HEALTHY
		COMMUNITIES PARTNERSHIP AND THE HOPE MOBILE IN VISITING RURAL COMMUNITIES, 1,993 PRIMARY AND
		PREVENTIVE HEALTH SERVICES WERE PROVIDED BY THE H O P E MOBILE IN FY11 DENTAL APPOINTMENTS FOR
		LOW-INCOME CHILDREN AND PREGNANT WOMEN WERE ALSO PROVIDED BY THE H O P E MOBILE THE HEALTHY
	l	COMMUNITIES PARTNERS

Identifier	ReturnReference	Explanation
		HIP ALSO COLLABORATIVELY ADDRESSES ALCOHOL AND DRUG USE, TEEN PREGNANCY, DOMESTIC ABUSE, S ENIOR HEALTH ISSUES, PARISH NURSING AND EDUCATION ON THE LOCAL COMMUNITY LEVEL ALHF'S CON TRIBUTION TO THE HEALTHY COMMUNITIES PARTNERSHIP IN FY2011 WAS \$104,231 THE ABRAHAM LINCO LN HEALTHCARE FOUNDATION ALSO PROVIDED \$5,500 IN HEALTHCARE SCHOLARSHIPS TO LOCAL RESIDENT S PREPARING FOR A PHARMACY AND A NURSING DEGREE, \$8,863 FOR PAIN MEDICATION FOR HOSPICE PA TIENTS, \$10,000 IN SUPPORT FOR A MEDI-CAR TRANSPORTATION SERVICE FOR WHEELCHAIR-BOUND RESI DENTS, AND PROVIDED OVER \$9,600 IN PHARMACEUTICAL ASSISTANCE TO DISCHARGED PATIENTS WHO CO ULD NOT AFFORD TO FILL THEIR PRESCRIPTIONS AN ACTIVE LIFELINE PROGRAM, WHICH PLACES EMERG ENCY CALL AND RESPONSE UNITS IN THE HOMES OF SENIORS, IS MANAGED BY ALMH STAFF AND FUNDED BY THE FOUNDATION CONTINUES TO SUPPORT PROGRAMS WHICH ASSIST IN THE TRAINING OF FUTURE HEALTHCARE PROVIDERS IN OUR SERVICES AREA IN ADDIT ION, A WIDE RANGE OF COMMUNITY HEALTH SCREENINGS, CLASSES, AND OTHER EDUCATIONAL EVENTS AR E REGULARLY UNDERTAKEN

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

Schedule H (Form 990) 2010

Software ID: Software Version:

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

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

necognized as a nospital racinty	
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?20	
Name and address	Type of Facility (Describe)
SPINEWORKS PAIN CLINIC 501 NORTH FIRST STREET	OUTPATIENT SERVICES
SPRINGFIELD, IL 62702 KOKE MILL MEDICAL ASSOCIATES	MPS PHYSICIAN
3132 OLD JACKSONVILLE RD SPRINGFIELD, IL 62704	
FAMILY MEDICAL CENTER OF LINCOLN	MPS PHYSICIAN
515 NORTH COLLEGE STREET LINCOLN,IL 62526	
WOMEN'S HEALTHCARE 747 NORTH RUTLEDGE	MPS PHYSICIAN
SPRINGFIELD, IL 62701	
THE WOUND HEALING CENTER 901 NORTH FIRST STREET	OUTPATIENT SERVICES
SPRINGFIELD, IL 62702	
FAMILY MEDICAL CENTER OF CHATHAM 101 EAST PLUMMER	MPS PHYSICIAN
CHATHAM,IL 62629	
CAPITOL HEALTHCARE MEDICAL ASSOCIATES 2603 SOUTH SIXTH	MPS PHYSICIAN
SPRINGFIELD, IL 62703	
JACKSONVILLE FAMILY MEDICAL ASSOCIATES 1602 WEST LAFAYETTE	MPS PHYSICIAN
JACKSONVILLE,IL 62650	
JACKSONVILLE PEDIATRIC ASSOCIATES 1600 WEST WALNUT	MPS PHYSICIAN
JACKSONVILLE,IL 62650	
MEMORIAL EXPRESSCARE AT SOUTH SIXTH 2950 SOUTH SIXTH STREET	ANCILLARY SERVICES
SPRINGFIELD, IL 62703 MEMORIAL INDUSTRIAL REHAB	OUTPATIENT SERVICES
775 ENGINERING DRIVE SPRINGFIELD, IL 62703	
MEMORIAL EXPRESSCARE AT KOKE MILL	ANCILLARY SERVICES
3132 OLD JACKSONVILLE RD SPRINGFIELD,IL 62704	
MEMORIAL EXPRESSCARE AT NORTH DIRKSEN	ANCILLARY SERVICES
3220 ATLANTA STREET SPRINGFIELD,IL 62702	
MENARD MEDICAL CENTER	OUTPATIENT SERVICES
1 CENTRE DRIVE PETERSBURG,IL 62675	
JACKSONVILLE FAMILY PRATICE	MPS PHYSICIAN
800 WEST STATE STREET JACKSONVILLE,IL 62650	
NORTH DIRKSEN MEDICAL ASSOCIATES	MPS PHYSICIAN
3220 ATLANTA STREET SPRINGFIELD,IL 62707	
BENJAMIN MONTGOMERY MD 1606 WEST LAFAYETTE	MPS PHYSICIAN
JACKSONVILLE,IL 62650	
SOUTH SIXTH MEDICAL ASSOCIATES 2950 SOUTH SIXTH STREET SPRINGFIELD, IL 62703	MPS PHYSICIAN
DAVID COULTAS MD	MPS PHYSICIAN
1606 WEST LAFAYETTE JACKSONVILLE,IL 62650	
MICHELLE COLEN MD	MPS PHYSICIAN
800 WEST STATE STREET JACKSONVILLE,IL 62650	
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Schedule I

(Form 990)

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

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

OMB No 1545-0047

DLN: 93493216004242

Department of the Treasury ► Attach to Form 990 **Inspection** Internal Revenue Service Name of the organization Employer identification number MEMORIAL HEALTH SYSTEM GROUP RETURN 90-0756744 Part I General Information on Grants and Assistance Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be 1 (a) Name and address of **(b)** EIN (c) IRC Code (d) Amount of cash (f) Method of (a) Description of (h) Purpose of grant (e) A mount of nonorganization section grant valuation non-cash assistance or assistance cash ıf applicable (book, FMV, or government assistance appraisal, other) See Additional Data Table

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

(a)Type of grant or assistance	(b)Number of recipients	(c)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
See Additional Data Table					

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S		SCHEDULE I, PART I, LINE 2 ALL GRANTS AND ASSISTANCE ARE PROVIDED TO LOCALLY MANAGED, NON-PROFIT 501(C)(3) ORGANIZATIONS OR EMPLOYEES WHO MEET THE CRITERIA FOR FINANCIAL ASSISTANCE EMPLOYEES ASSIST IN OVERSITE AS VOLUNTEER MEMBERS OF LOCAL AGENCY BOARD OF DIRECTORS THE CAMPUS OF SIU SCHOOL OF MEDICINE IS ADJACENT TO THE MEMORIAL MEDICAL CENTER CAMPUS GRANTS AND ASSISTANCE PROVIDED TO THE MEDICAL SCHOOL ARE MONITORED BY THE EXECUTIVE DIRECTOR OF MEMORIAL MEDICAL CENTER FOUNDATION

Software ID:

Software Version:

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SOUTHERN ILLINOIS UNIVERSITY SCHOOL OF MEDICINEPO BOX 19620 SPRINGFIELD,IL 62794	37-6005961	115	891,774				SOUTHERN ILLINOIS SCHOOL OF MEDICINE WITH THE PURPOSE THAT THE FUNDS WILL BE USED FOR MEDICAL RESEARCH THE POST-TERTIARY CLINICAL SERVICES FUND APPLICATION EXPLICITLY LISTED THREE SOUTHERN ILLINOIS SCHOLL OF MEDICINE CANCER PROGRAMS MEMORIAL MEDICAL CENTER IS THE PASS THROUGH AGENCY FOR THESE PROGRAM- RESTRICTED FUNDS AND THE SOUTHERN ILLINOIS SCHOOL OF MEDICINE'S CANCER PROGRAMS ARE LISTED AS THE BENEFICIARIES
MEMORIAL MEDICAL CENTER FOUNDATION1 MEMORIAL PLAZA SPRINGFIELD,IL 62781	37-1110301	501 (C)(3)	18,000				AS A SPECIAL REMEMBRANCE, MEMORIAL MEDICAL CENTER MAKES A DONATION TO THE MEMORIAL MEDICAL CENTER FOUNDATION IN MEMORY OF EMPLOYEES AND CERTAIN EMPLOYEE FAMILY MEMBERS UPON THEIR DEATH

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CITY OF LINCOLN315 EIGHTH STREET LINCOLN,IL 62656	37-6001283	CITY OF LINCOLN		99,360	воок	LAND	DONATION OF LAND
AMERICAN HEART ASSOCIATION2524 FARRAGUT DRIVE SUITE A SPRINGFIELD,IL 62704	37-0673511	501 (C)(3)	25,000				SPONSOR OF ANNUAL HEART WALK AND START WALKING INITIATIVES TO HELP EDUCATE AND IMPROVE THE CARDIOVASCULAR HEALTH OF THE PEOPLE AND COMMUNITIES SERVED

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SANGAMON COUNTY MEDICAL SOCIETY 230 WEST CARPENTER STREET SPRINGFIELD, IL 62702	37-6027693	501 (C)(3)	50,000				FUNDING OF CATCH PROGRAM THAT PROVIDES SERVICES TO UNINSURED PATIENTS IN SANGAMON COUNTY
LINCOLN ELEMENTARY SCHOOL DISTRICT NO 27 304 8TH ST	37-6003668	LINCOLN SCHOOL DISTR		98,466	воок	LAND	DONATION OF A BUILDING AND LAND

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SIU SCHOOL OF MEDICINE801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	10,150				3D ULTRA SOUND FOR TENDONS
SOUTHERN ILLINOIS UNIVERSITY SCHOOL OF MEDICINE801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	6,015				STUDY EFFECT OF HBO ON HINDLIMB TRANSPLANTATION

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SOUTHERN ILLINOIS UNIVERSITY SCHOOL OF MEDICINE801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	63,307				HAND FRACTURE BEST PRATICES
MEMORIAL PHYSICAN SERVICES3132 OLD JACKSONVILLE ROAD STE 200 SPRINGFIELD,IL 62704	37-9999999	501 (C)(3)	48,200				PROVIDE COPING SKILLS TRAINING FOR TEACHERS

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	10,693				PROVIDE COMFORT KITS FOR PSYCHIATRIC PATIENTS
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	75,940				DEVELOP STROKE TELEMEDICINE PROGRAM

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(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	10,090				PURCHASE BONE DENSITOMETER FOR JOINTWORKS PROGRAM
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	50,300				PROVIDE SUPPORT FOR NURSING DEVELOPMENT

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	16,982				PROVIDE GENERAL SUPPORT
MEMORIAL HEALTH SYSTEM701 NORTH FIRST STREET SPRINGFIELD,IL 62703	37-8888888	501 (C)(3)	7,010				PROJECT CPR ANYTIME

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SIU SCHOOL OF MEDICINE 801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	26,314				PROVIDE STD SCREENING IN THE EMERGENCY ROOM
SOUTHERN ILLINOIS UNIVERSITY SCHOOL OF MEDICINE801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	19,184				RESOLVE PRESCRIPTION DISCREPANCIES FOR SENIORS

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SIU SCHOOL OF MEDICINE 801 NORTH RUTLEDGE SPRINGFIELD,IL 62702	37-6005961	115	5,553				PROVIDE GENERAL SUPPORT
KUMLER OUTREACH MINISTRIES303 NORTH GRAND AVENUE EAST SPRINGFIELD,IL 62702	37-0695489	501 (C)(3)	16,000				PROVIDE PRESCRIPTIONS TO INDIGENT PATIENTS

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL HOME SERVICES720 NORTH BOND STREET SPRINGFIELD,IL 62702	37-0714225	501 (C)(3)	8,724				PROVIDE GENERAL SUPPORT
NORTHWESTERN UNIVERSITY FEINBERG SCHOOL OF MEDICINE303 EAST CHICAGO AVENUE CHICAGO.IL 60611	36-2167817	501 (C)(3)	75,000				PARTICIPATION IN THE BOOST MENTORING PROGRAM

	· · · · · -						
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
KUMLER OUTREACH MINISTRIES303 NORTH GRAND AVENUE EAST SPRINGFIELD,IL 62702	37-0695489	501 (C)(3)	22,000				TO ASSIST IN THE PHARMACEUTICAL ASSISTANCE PROGRAM
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	48,107				PROVIDE EQUIPMENT AND SUPPLIES

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL MEDICAL CENTER701 NORTH FIRST STREET SPRINGFIELD,IL 62781	37-0661220	501 (C)(3)	74,139				PROVIDE SUPPORT FOR EDUCATION
ABRAHAM LINCOLN MEMORIAL HOSPITAL315 EIGHTH STREET LINCOLN,IL 62656	37-0723793	501 (C)(3)	136,448				VARIOUS INCLUDING SCHOLORSHIPS, CARE-A-VAN, MEDICAL TECHNOLOGIES, PATIENT PHARMACY

				_			
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	cash	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEMORIAL HOME SERVICES315 EIGHTH STREET LINCOLN,IL 62656	37-0714225	501 (C)(3)	8,863				UNDERWRITE COST OF PAIN MEDICATION FOR HOSPICE PATIENTS
TAYLORVILLE MEMORIAL HOSPITAL201 E PLEASANT TAYLORVILLE,IL 62568	37-0661250	501 (C)(3)	40,465				TO BE USED IN THE PURCHASE OF SPECIFIC MEDICAL EQUIPMENT AND THE CONSTRUCTION OF THE CENTER

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(a)Type of grant or assistance	(b) Number of recipients	(c)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
EDUCATIONAL GRANTS	153	653,666			
TUITION REIMBURSEMENT	135	253,045			
SCHOLARSHIPS FOR EMPLOYEES	24	91,730			
EMPLOYEE ASSISTANCE WITH CATASTROPHIC EVENTS	28	28,908			
SHELTER AND UTILITY ASSISTANCE FOR PATIENTS	23	9,915			
DIRECT CASH ASSISTANCE TO PATIENTS	8	3,992			
PRESCRIPTION DRUG ASSISTANCE	21	6,208			
SCHOLARSHIPS	5	4,000			
EDUCATION SCHOLARSHIPS	2	5.500			

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DLN: 93493216004242

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

Compensation Information For certain Officers, Directors, Trustees, Key Employees, and Highest

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

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

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1EMORIAL	HEAL	TH S	SYSTEM	GROUP	RETUR

Employer identification number

90-0756744

Pa	rt I Questions Regarding Compensation						
			Yes	No			
1a	Check the approplate 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						
	First-class or charter travel Housing allowance or residence for personal use						
	Travel for companions Payments for business use of personal residence						
	Tax idemnification and gross-up payments Health or social club dues or initiation fees						
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)						
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain						
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						
	✓ Compensation committee						
	✓ Independent compensation consultant ✓ Compensation survey or study						
	Form 990 of other organizations Approval by the board or compensation committee						
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization						
а	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a		No			
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes				
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No			
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III						
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.						
5	For persons listed in form 990 , Part VII, Section A, line $1a$, did the organization pay or accrue any compensation contingent on the revenues of						
а	The organization?	5a		Νo			
b	Any related organization?	5b		No			
	If "Yes," to line 5a or 5b, describe in Part III						
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of						
а	The organization?	6a		No			
b	Any related organization?	6b		No			
	If "Yes," to line 6a or 6b, describe in Part III						
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III						
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe						
	in Part III	8		No			
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9					

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

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

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and	(D) Nontaxable	(E) Total of columns	(F) Compensation	
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ	
See Additional Data Table								
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	4B [*]	PART I, LINE 4B THE ORGANIZATION PROVIDES CERTAIN SUPPLEMENTAL RETIREMENT BENEFITS TO THE FOLLOWING OFFICERS AND KEY EMPLOYEES EDGAR J CURTIS, \$353,433, ROBERT W KAY, \$184,860, DOUGLAS L RAHN, \$48,372, FORREST G HESTER, \$25,781, MITCHELL L JOHNSON, \$18,515, ELAINE L YOUNG, \$21,527, KEVIN R ENGLAND, \$12,884, ANNA N EVANS, \$38,780, MARK E WEAVER, M D , \$69,501, AND DAVID GRAHAM, M D , \$33,625 THESE BENEFITS ARE PROVIDED THROUGH A NONQUALIFIED DEFERRED COMPENSATION PLAN, UNDER WHICH THE BENEFITS BEING EARNED ARE SUBJECT TO A "SUBSTANTIAL RISK OF FORFEITURE" THE SUPPLEMENTAL RETIREMENT BENEFITS ARE STRUCTURED TO PROVIDE A RETENTION INCENTIVE THAT HAS BEEN DETERMINED BY THE LEADERSHIP COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF MEMORIAL HEALTH SYSTEM TO BE OF SUBSTANTIAL VALUE TO THE ORGANIZATION TO BECOME ENTITLED TO THE BENEFITS PROVIDED, EACH COVERED EMPLOYEE MUST MEET SUBSTANTIAL REQUIREMENTS RELATING TO FURTHER EMPLOYMENT UNTIL THOSE REQUIREMENTS ARE SATISFIED, IF EVER, THE EMPLOYEE IS NOT ENTITLED TO THESE AMOUNTS IF THE EMPLOYEE WERE TO HAVE TERMINATED EMPLOYMENT VOLUNTARILY IN THE YEAR TO WHICH THIS RETURN APPLIES AND NOT MET THESE SUBSTANTIAL REQUIREMENTS, THESE SUPPLEMENTAL RETIREMENT BENEFITS WOULD HAVE BEEN FORFEITED THESE SUPPLEMENTAL RETIREMENT BENEFITS ARE PART OF A RETIREMENT PROGRAM THAT PROVIDES RETIREMENT INCOME FOR ALL YEARS OF SERVICE THAT THE EMPLOYEE PROVIDES TO THE ORGANIZATION ACCORDINGLY, ANY RETIREMENT BENEFITS SHOULD BE VIEWED AS APPLYING TO THE ENTIRE LENGTH OF THE EMPLOYEE'S SERVICE THE LEADERSHIP COMPENSATION COMMITTEE OF THE MHS BOARD APPROVES ALL RETIREMENT BENEFITS, TOGETHER WITH ALL OTHER FORMS OF COMPENSATION AND BENEFITS FOR THESE AND OTHER SENIOR LEADERS, IN A MANNER INTENDED TO QUALIFY FOR THE "REBUTTABLE PRESUMPTION OF REASONABLENESS" UNDER FEDERAL INCOME TAX LAW
	7	MEMBERS OF SENIOR MANAGEMENT RECEIVE INCENTIVE COMPENSATION UNDER THE ANNUAL INCENTIVE COMPENSATION PLANS SPONSORED BY MEMORIAL HEALTH SYSTEM THESE AMOUNTS ARE INCLUDED IN SCHEDULE J, PART II, COLUMN (B)(II) THE PLANS ARE DESIGNED TO CONDITION A PORTION OF COMPENSATION ON PERFORMANCE AGAINST PRE-DETERMINED ORGANIZATIONAL GOALS APPROVED IN ADVANCE BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF MEMORIAL HEALTH SYSTEM THE LEADERSHIP COMPENSATION COMMITTEE OF THE BOARD HAS REVIEWED THE REASONABLENESS OF ALL SUCH PAYMENTS, AND HAS CONCLUDED, AS THE RESULT OF A PROCESS THAT IS DESIGNED TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER FEDERAL TAX LAW, THAT ALL SUCH AMOUNTS ARE REASONABLE AND DO NOT EXCEED FAIR MARKET VALUE FOR THE SERVICES PROVIDED

Schedule J (Form 990) 2010

Software ID: Software Version:

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees								
(A) Name	T	(B) Breakdown of W-2 and/or 1099-MISO			(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base Compensation	(ii) Bonus & ıncentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
RICHARD BIVIN MD	(I) (II)	175,457 0	2,453 0	71,859 0	16,844 0	32,925 0	299,538 0	0
ELAINE YOUNG	(I) (II)	0 190,359	0 51,971	0 4,857	0 25,047	0 19,435	0 291,669	0
KEVIN ENGLAND	(ı) (ıı)	0 233,351	0 64,775	0 15,614	0 31,355	0 37,419	0 382,514	0
THOMAS WESTRICK	(I) (II)	157,728 0	21,725 0	690 0	0	11,227 0	191,370 0	0
DOLAN DALPOAS	(1) (11)	203,547 0	54,953 0	6,613 0	26,783 0	19,573 0	311,469 0	0
DANIEL RAAB	(I) (II)	180,647 0	50,050 0	14,204 0	24,142 0	18,527 0	287,570 0	0
EDGAR CURTIS	(I) (II)	0 640,422	0	0 26,505	0 452,498	0 6,036	0 1,125,461	0
ROBERT KAY	(ı) (ıı)	0 364,084	0	0 46,364	0 201,735	0 29,892	0 642,075	0
MARK HANSEN MD	(I) (II)	405,664 0	58,768 0	156,638 0	42,796 0	50,676 0	714,542 0	0
MARSHALL HALE MD	(I) (II)	285,649 0	13,870 0	1,318 0	19,058 0	39,633 0	359,528 0	0
PAUL KASA MD	(I) (II)	203,143	8,836 0	1,244 0	11,671 0	31,573 0	256,467 0	0
DOUGLAS RAHN	(I) (II)	383,574 0	146,896 0	20,355 0	64,489 0	31,544 0	646,858 0	0
JANICE GAMBACH	(1) (11)	0 132,074	0 19,119	0 1,290	0	0 16,680	0 169,163	0
CHARLES CALLAHAN	(1) (11)	208,214 0	57,603 0	21,695 0	27,704 0	22,456		0
TRAVIS DOWELL	(1) (11)	189,187 0	53,625 0	7,217 0	26,014 0	21,062	297,105 0	0
ELENA KEZELIS	(I) (II)	141,049 0	19,839 0	459 0	0	14,273 0	175,620 0	0
MARSHA PRATER	(ı) (ıı)	240,984 0	0	18,220 0	128,573 0	15,775 0	403,552 0	0
SCOTT KIRIAKOS	(I) (II)	233,410 0	64,336 0	9,915 0	31,377 0	25,324 0	364,362 0	0 0
DAVID J JOERGER	(I) (II)	159,431 0	22,837 0	1,290 0	0	15,057 0	198,615 0	0 0
FERINAND SALVACION MD	(I) (II)	462,511 0	154,000 0	450 0	90,857 0	26,179 0	733,997 0	0 0
DAVID SANDERCOCK MD	(I) (II)	301,033 0	57,176 0	4,175 0	29,063 0	4 3,970 0	435,417 0	0
JAMES GILDNER MD	(I) (II)	502,737 0	27,926 0	8,009 0	56,247 0	53,934 0	648,853 0	0
STEVEN LILLPOP MD	(I) (II)	347,626 0	17,601 0	8,064 0	35,975 0	45,021 0	454,287 0	0 0
VIRGINIA DOLAN MD	(I) (II)	209,452 0	55,000 0	69,620 0	18,223 0	38,395 0	390,690 0	0 0
ROBERT CLARKE	(I) (II)	0	0	0 382,201	0	0 0	0 382,201	0

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DLN: 93493216004242

Employer identification number

Schedule L

(Form 990 or 990-EZ)

Name of the organization

Department of the Treasury Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public **Inspection**

MEMORIAL HEALTH SYSTEM GROUP RETUR	.N						9	0-07567	44		
Part I Excess Benefit Tran Complete of the organization							organı	zations d	only).	ıne 40b	
1 (a) Name of disqu			103 0111011				(0				(c)
					(-,					Yes	No
2 Enter the amount of tax impose									r		
section 4958									· \$ —— · \$		
Part II Loans to and/or F											
Complete if the organiz					, Part IV , line 26	, or Forn	n 990-E	Z, Part V	, lıne 38	a	
(a) Name of interested person and purpose	or fro	oan to om the zation?	(c)Orig principal a		(d)Balance due	(e) I defau		(f) Approved by board or committee?		(g)Written agreement?	
	То	From				Yes	No	Yes	No	Yes	No
otal				► \$	Parconc						
Complete if the orga	nızatıd	on ansv	wered "Yes	" on Fo	rm 990, Part IV	, line 2	27.				
(a) Name of interested pers	on	(1	b) Relationsh an	nip betwe	en interested per ganization	son	(c) A m	nount of g	rant or ty	pe of assı	stance
						+					

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Idelitiilei	Ketuili Kereleike	Explanation

Schedule L (Form 990 or 990-EZ) 2010

Software ID: **Software Version:**

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

Form 990, Schedule L, Part IV - B (a) Name of Interested person	(b) Relationship between interested person and the organization	(c) A mount of transaction \$	(d) Description of transaction	organı reve	aring of zation's nues?
SUSAN K CURTIS SUNLEY	EMPLOYEE, DAUGHTER OF EDGAR J CURTIS, CEO OF MEMORIAL HEALTH SYSTEM	47,447	MEMORIAL MEDICAL CENTER PAID COMPENSATION OF \$47,447 AND BENEFITS OF \$8,563 TO SUSAN K CURTIS SUNLEY RELATED TO EMPLOYMENT SERVICES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010 THE COMPENSATION PAID WAS NEGOTIATED AT ARM'S LENGTH AND REPRESENTS FAIR MARKET VALUE FOR THE SERVICES PROVIDED	Yes	No No
SANGAMON EYE ASSOCIATES INC	OWNER'S WIFE IS A BOARD MEMBER	543,320	MEMORIAL MEDICAL CENTER LEASED PROPERTY FROM SANGAMON EYE ASSOCIATES, INC FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$543,320 THE OWNER OF SANGAMON EYE ASSOCIATES, INC IS THE HUSBAND OF CAROL J HANSEN POSEGATE, A MEMBER OF THE MEMORIAL MEDICAL CENTER'S BOARD OF DIRECTORS THE LEASE IS UNDERTAKEN AT ARM'S LENGTH AND IS AT FAIR MARKET VALUE		No
SORLING NORTHRUP HANNA CULLEN & COCHRAN	BOARD MEMBER IS A PARTNER AT SORLING, NORTHRUP, HANNA, CULLEN, & COCHRAN	140,240	MEMORIAL MEDICAL CENTER PAID FEES TO THE LAW OFFICE OF SORLING, NORTHRUP, HANNA, CULLEN & COCHRAN, LTD FOR LEGAL SERVICES FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$140,240 WILLIAM R ENLOW, A MEMBER OF THE BOARD OF DIRECTORS, IS A PARTNER AT SORLING, NORTHRUP, HANNA, CULLEN, & COCHRAN, LTD ALL FEES ARE NEGOIATED AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		No
SPRINGFIELD CLINIC	BOARD MEMBER IS EMPLOYEE OF SPRINGFIELD CLINIC	1,267,774	MEMORIAL MEDICAL CENTER PAID FEES TO SPRINGFIELD CLINIC, LLP FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$1,267,774 A PHYSICIAN OF THIS COMPANY, MICHAEL A PICK, M D , IS ALSO A MEMBER OF MEMORIAL MEDICAL CENTER'S BOARD OF DIRECTORS ALL FEES ARE NEGOTIATED AT ARMS LENGTH AND ARE AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		Νο
SORLING NORTHRUP HANNA CULLEN & COCHRAN	BOARD MEMBER IS A PARTNER AT SORLING, NORTHRUP, HANNA, CULLEN, & COCHRAN	140,240	MEMORIAL MEDICAL CENTER PAID FEES TO THE LAW OFFICE OF SORLING, NORTHRUP, CULLEN & COCHRAN, LTD FOR LEGAL SERVICES FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$140,240 MARK H FERGUSON, A MEMBER OF THE BOARD OF DIRECTORS, IS A PARTNER AT SOLING, NORTHRUP, CULLEN & COCHRAN, LTD ALL FEES ARE NEGOTIATED AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		No
GRANTS MEADOWS ASSOCIATES	CURRENT DIRECTOR, MARSHAL HALE, M D HAS A 33 33% OWNERSHIP INTEREST	118,268	GRANTS MEADOW ASSOCIATES LEASES A MEDICAL OFFICE BUILDING LOCATED AT 1602 WEST LAFAYETTE, JACKSONVILLE, ILLINOIS TO THE REPORTING ORGANIZATION THE AMOUNTS TRANSACTED BETWEEN THE REPORTING ORGANIZATION AND GRANTS MEADOW ASSOCIATES REFLECT THE FAIR MARKET VALUE OF GOODS AND SERVICES RECEIVED		No
BROWN HAY & STEPHENS	PAST BOARD MEMBER IS A PARTNER OF BROWN, HAY & STEPHENS LLP	534,500	MEMORIAL MEDICAL CENTER PAID FEES TO THE LAW OFFICE OF BROWN, HAY & STEPHENS LLP, LTD FOR LEGAL SERVICES FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$534,500 DWIGHT H O'KEEFE, A PAST MEMBER OF THE BOARD OF DIRECTORS, IS A PARTNER AT BROWN, HAY & STEPHENS LLP ALL FEES ARE NEGOTIATED AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		Νο
MIDWEST EMERGENCY DEPARTMENT SPECIALISTS	BOARD MEMBER IS A KEY EMPLOYEE OF MIDWEST EMERGENCY DEPARTMENT SPECIALISTS	4,279,087	MEMORIAL MEDICAL CENTER PAID FEES TO MIDWEST EMERGENCY DEPARTMENT SPECIALISTS FOR EMERGENCY ROOM SERVICES FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$4,279,087 DAVID L GRIFFEN, MD, PHD, A MEMBER OF THE BOARD OF DIRECTORS, IS A KEY EMPLOYEE AT MIDWEST EMERGENCY DEPARTMENT SPECIALISTS ALL FEES ARE NEGOTIATED AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		No
CRAWFORD MURPHY & TILLY INC	BOARD MEMBER IS A PARTNER AT CRAWFORD MURPHY & TILLY	254,598	MEMORIAL MEDICAL CENTER PAID FEES TO THE LAW OFFICE OF CRAWFORD, MURPHY & TILLY, INC FOR LEGAL SERVICES FOR THE YEAR ENDED SEPTEMBER 30, 2011 IN THE AMOUNT OF \$254,598 CLIFTON R BAXTER, A MEMBER OF THE BOARD OF DIRECTORS, IS A PARTNER AT CRAWFORD MURPHY & TILLY, INC ALL FEES ARE NEGOTIATED AT FAIR MARKET VALUE FOR THE SERVICES PROVIDED		No

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OMB No 1545-0047

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SCHEDULE 0 (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.

Name of the organization MEMORIAL HEALTH SYSTEM GROUP RETURN **Employer identification number**

ldentifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		MARK H FERGUSON AND WILLIAM R ENLOW, BOTH MEMORIAL MEDICAL CENTER BOARD MEMBERS, ARE PARTNERS AT THE SAME LAW FIRM, SORLING, NORTHRUP, HANNA, CULLEN & COCHRAN, LTD

ldentifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		MEMORIAL HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF THE AFFILIATES REPORTED IN THIS GROUP RETURN MEMORIAL HEALTH SYSTEM CORPORATION CONTAINS 105 INDIVIDUAL MEMBERS WHO ELECT THE BOARD OF DIRECTORS

ldentifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		A FINAL DRAFT COPY OF THE MHS GROUP FORM 990 AND ALL ATTACHMENTS IS PROVIDED TO ALL OF THE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS AND A BOARD COMMITTEE PRIOR TO FILING AT THE BOARD MEETING, A PRESENTATION IS MADE BY THE CFO TO THE BOARD, FOLLOWED BY A QUESTION AND ANSWER SESSION PRESENTATIONS ARE MADE TO THE AFFILIATE MEMBERS' BOARDS IN THE SAME TIME FRAME, ALTHOUGH COPIES OF THE COMPLETE FORM 990 AND ALL ATTACHMENTS ARE NOT PROVIDED PRIOR TO THOSE MEETINGS, EXCEPT TO BOARD MEMBERS WHO REQUEST COMPLETE COPIES ALL QUESTIONS AND COMMENTS ARISING FROM THESE REVIEWS ARE ADDRESSED PRIOR TO SUBMISSION OF THE RETURN TO THE APPROPRIATE TAXING AUTHORITIES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	MEMORIAL HEALTH SYSTEM AND ITS SUBORDINATES MONITOR AND ENFORCE THEIR CONFLICT OF INTEREST POLICY BY IDENTIFYING ANY POTENTIAL CONFLICTS AT THE TIME EACH MEETING AGENDA IS PREPARED ANY OFFICER OR DIRECTOR WHO HAS A CONFLICT IS NOTIFIED OF SUCH CONFLICT, AS WELL AS THEIR OBLIGATION TO ABSTAIN FROM THE DISCUSSION AND VOTE ON ANY CONFLICTED ISSUES(S) SUCH ABSTENTION(S), IF REQUIRED, ARE DOCUMENTED IN THE MINUTES OF EACH MEETING BOARD MEMBERS ARE ALSO REQUIRED TO UPDATE THEIR CONFLICT OF INTEREST DISCLOSURE STATEMENTS PROMPTLY IN THE EVENT OF ANY CHANGE IN PERSONAL OR BUSINESS ACTIVITIES THAT WOULD REQUIRE SUCH DISCLOSURE

ldentifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS HAS APPOINTED A LEADERSHIP COMPENSATION COMMITTEE MADE UP OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS, AND HAS DELEGATED TO IT THE RESPONSIBILITY OF ADMINISTERING, OVERSEEING AND APPROVING ALL FORMS OF COMPENSATION AND BENEFITS PROVIDED TO EXECUTIVE LEADERSHIP, INCLUDING THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER THE BOARD HAS ADOPTED A LEADERSHIP COMPENSATION PHILOSOPHY STATEMENT DESCRIBING THE ROLE AND RESPONSIBILITIES OF THE COMMITTEE. THIS PHILOSOPHY EXPRESSLY STATES THE COMMITTEE'S INTENT, ON BEHALF OF THE CORPORATION, TO TAKE ALL THE STEPS NECESSARY TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE FEDERAL INCOME TAX LAW INTERMEDIATE SANCTIONS RULES THE COMMITTEE ANALYZES EVERY ELEMENT OF COMPENSATION (INCLUDING CURRENT, INCENTIVE AND DEFERRED COMPENSATION) AND BENEFITS (INCLUDING QUALIFIED AND NON-QUALIFIED BENEFITS) THE COMMITTEE CONDUCTS ITS REVIEW AND APPROVAL PROCESS AT LEAST ANNUALLY, AND APPROVES COMPENSATION AND BENEFITS CONSTITUTE NO MORE THAN REASONABLE COMPENSATION FOR EACH EXECUTIVE IN CONNECTION WITH THE MOST RECENT REVIEW AND APPROVAL PROCESS, THE COMMITTEE RECEIVED PROFESSIONAL ADVICE FROM AN INDEPENDENT CONSULTANT AND OUTSIDE LEGAL COUNSEL. THE COMMITTEE CONSISTS ENTIRELY OF DISINTERESTED MEMBERS OF THE BOARD OR DISINTERESTED COMMITTEE WORKS WITH ITS COMPENSATION CONSULTANT TO PREPARE AND REVIEW IN ADVANCE COMPENSION FOR FUNCTIONALLY SIMILAR POSITIONS THE COMMITTEE ALSO PREPARES A TIMELY AND THOROUGH WRITTEN RECORD OF ITS PROCEDURAL CRITERIA NECESSARY TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE FEDERAL INCOME TAX LAW INTERMEDIATE SANCTIONS RULES

Identifier	ntifier Return Explanation Reference			
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, SUCH AS ARTICLES OF INCORPORATION AND ANY AMENDMENTS THERTO, ARE AVAILABLE TO THE GENERAL PUBLIC THROUGH THE ILLINOIS SECRETARY OF STATE'S OFFICE. THESE GOVERNING DOCUMENTS, AS WELL AS THE BY LAWS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS, ARE AVAILABLE UPON REQUEST		

ldentifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -14,492,815 CHANGE IN MINIMUM PENSION LIABILITY 28,385,974 TRANSFERS 3,530,000 OTHER 182,404 TOTAL TO FORM 990, PART XI, LINE 5 17,605,563

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SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

Department of the Treasury Internal Revenue Service

► Attach to Form 990. ► See separate instructions.

Name of the organization MEMORIAL HEALTH SYSTEM GROUP RETURN				Employer ident	ification number		
Part I Identification of Disregarded Entities (Co	emplete if the organization	n answered "Yes" (on Form 990, Part	•			
(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		
See Additional Data Table							
Part II Identification of Related Tax-Exempt Orgon more related tax-exempt organizations dur		f the organization a	answered "Yes" oı	n Form 990, Part	IV, line 34 becau	se it had	one
(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	Section 5 cont	(g) 512(b)(13 trolled nization
(4) MENTAL HEALTH CENTERS OF CENTENA THINDS						Yes	No
(1) MENTAL HEALTH CENTERS OF CENTRAL ILLINOIS 710 NORTH EIGHTH STREET SPRINGFIELD, IL 62702 37-0646367	TO SERVE THE MENTALLY ILL, DEVELOPMENTALLY DISABLED, AND THEIR FAMILIES	IL.	501(C)(3)	170(B)(1)(A)(VI)	N/A		No
For Privacy Act and Panerwork Reduction Act Notice see the Inst	ructions for Form 990	Cat No 501	135Y		Schedule R (Form 990'	1 2010

art III	Identif	ication of Relate	d Org	anizations Taxal	ole as a Partners	ship (Complete If	the organization a	answered "	Yes" on Form 990,	Part IV, lıı	ne 34
	because	e it had one or mo	re relat	ted organızatıons t	reated as a partne	rship during the ta	ax year.)				
								/h)	/i)	/÷\	T

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j Gener mana partr	al or ging	(k) Percentage ownership
							Yes	No		Yes	No	
Part TV Identifi	ication of Relat	ed Ora:	anizations Taya	hle as a Cornora	tion or Trust (C	omplete if the ora	anızal	tion ar	nswered "Yes" on	Form	990	Part IV

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) HEALTHCARE NETWORK ASSOCIATES OF SANGAMON INC 720 NORTH BOND STREET SPRINGFIELD, IL62702 36-4156479	HEALTHCARE ACTIVITIES	IL	N/A	С			100 000 %
(2) HEALTHCARE NETWORK ASSOCIATES OF LINCOLN INC 720 NORTH BOND STREET SPRINGFIELD, IL62702 37-1331904	HEALTHCARE ACTIVITIES	IL	N/A	C			100 000 %
	HEALTHCARE ACTIVITIES	IL	N/A	С			100 000 %
	PROVIDE DURABLE MEDICAL EQUIPMENT AND SUPPLIES TO PATIENTS	IL	N/A	С	662,483	9,403,015	100 000 %
							Form 990) 2010

chedule R (Form 990) 2010		Рa	ge 🕽
Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)			
Note. Complete line 1 if any entity is listed in Parts II, III or IV		Yes	N
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	1a		N
b Gift, grant, or capital contribution to other organization(s)	1b	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		Ŋ
e Loans or loan guarantees by other organization(s)	1e		N
f Sale of assets to other organization(s)	1f	Yes	
g Purchase of assets from other organization(s)	1g	Yes	
h Exchange of assets	1h		N
i Lease of facilities, equipment, or other assets to other organization(s)	1 i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
I Performance of services or membership or fundraising solicitations by other organization(s)	11	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	_
• Reimbursement paid to other organization for expenses	10	Yes	
p Reimbursement paid by other organization for expenses	1р	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r	Yes	

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

(a) Name of other organization	(D) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MEMORIAL HOME SERVICES OF CENTRAL ILLINOIS INC	N	723,105	COST BASIS
(2) MEMORIAL HOME SERVICES OF CENTRAL ILLINOIS INC	J	165,796	COST - RENTAL EQUIPMENT
(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

- Index mas not a related organization of				pa						
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	Are part sec	ners tion	(e) Share of end-of-year assets	(1 Disprop alloca	ortionate	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene man	n) ral or aging ner?
			Yes	No		Yes	No		Yes	No
(1) RUTLEDGE JOINT VENTURES LLC										
115 WEST JEFFERSON SUITE 401BLOOMINGTON, IL61702 37-1359387	LONG TERM CARE, SKILLED NURSING AND SUB-ACUTE CARE	TL		No	2,368,002		No	8,603		No
(2) PRAIRIE DIAGNOSTIC CENTER LLC	FREE STANDING OUTPATIENT									
619 E MASON ST SUITE 4P57SPRINGFIELD, IL62701 20-1258207	DIAGNOSTIC CARDIOVASCULAR IMAGING FACILITY	ΙL		No	C		No	257		No
(3) ORTHOPAEDIC SURGERY CENTER OF ILLINOIS LLC										
720 NORTH BOND STREETSPRINGFIELD, IL62702 37-1366377	AMABULATORY SURGICAL TREATMENT CENTER	ΙL		No	1,283,101		No	12,366		No
										<u> </u>
								Schodulo D (For	000	2010

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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Schedule R (Form 990) 2010

Software ID: **Software Version:**

EIN: 90-0756744

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

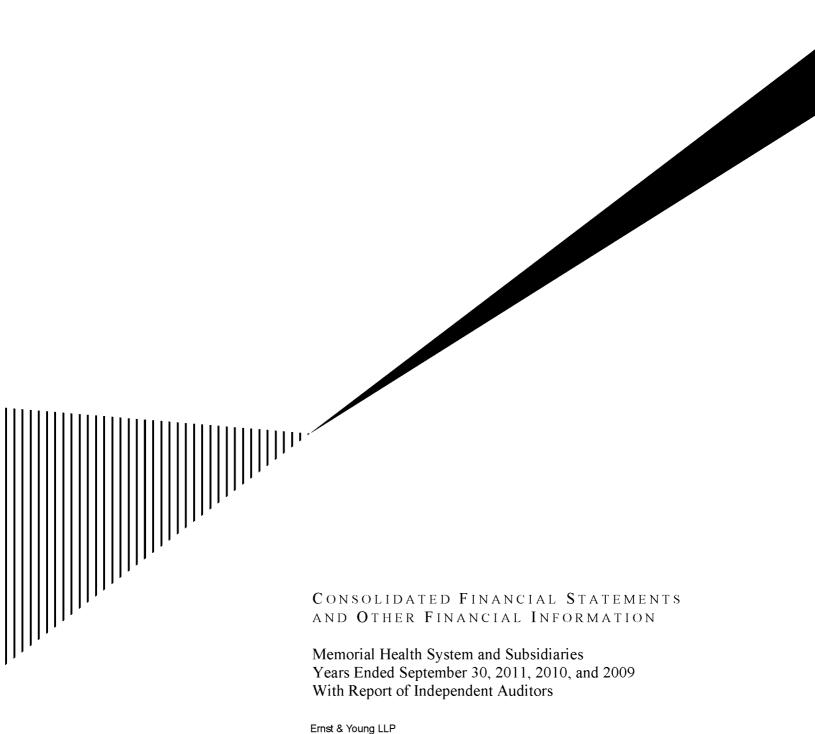
Form 990, Schedule R, Part I - Identification of Disregarded Entities								
(a) Name, address, and EIN of disregarded entity	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Total income (\$)	(e) End-of-year assets (\$)	(f) Direct Controlling Entity			
MEMORIAL EXPRESSCARE LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400528	PROVIDES NON- EMERGENCY CARE SEVEN DAYS A WEEK WITHOUT APPOINTMENT	IL	-1,294,013	1,143,614	N/A			
HEALTHCARE NETWORK PROPERTIES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 37-1379377	OWNS MEDICAL OFFICE BUILDINGS	ΙL	5,791,739	26,290,822	N/A			
KOKE MILL MEDICAL ASSOCIATESLLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400594	HEALTHCARE SERVICES	IL	10,487,232	1,585,300	N/A			
FAMILY MEDICAL CENTER OF CHATHAM LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3405168	HEALTHCARE SERVICES	IL	2,587,460	329,135	N/A			
WOMEN'S HEALTHCARE LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400814	HEALTHCARE SERVICES	IL	4,364,809	717,100	N/A			
NORTH DIRKSEN MEDICAL ASSOCIATES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-4655201	HEALTHCARE SERVICES	IL	495,822	60,989	N/A			
SOUTH SIXTH MEDICAL ASSOCIATES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-4655135	HEALTHCARE SERVICES	IL	342,155	56,072	N/A			
CAPITOL HEALTHCARE MEDICAL ASSOCIATES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-4326512	HEALTHCARE SERVICES	IL	2,320,356	347,421	N/A			
FAMILY MEDICAL CENTER OF LINCOLN LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400406	HEALTHCARE SERVICES	IL	5,480,236	701,623	N/A			
MENARD MEDICAL CENTER LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400715	HEALTHCARE SERVICES	IL	1,710,095	258,369	N/A			
JACKSONVILLE LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3400645	HEALTHCARE SERVICES	IL	4,220,639	682,967	N/A			
JACKSONVILLE PEDIATRIC ASSOCIATES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 26-3405138	HEALTHCARE SERVICES	IL	2,165,976	290,481	N/A			
VINE STREET CLINICAL ASSOCIATES LLC 701 NORTH FIRST STREET SPRINGFIELD, IL 62781 45-3180104	PSYCHIATRIC HEALTHCARE SERVICES	IL	0	0	N/A			

TY 2010 Affiliate Listing

Name: MEMORIAL HEALTH SYSTEM GROUP RETURN

EIN: 90-0756744

Name	Address	EIN	Name control
MEMORIAL MEDICAL CENTER	701 NORTH FIRST STREET SPRINGFIELD, IL 62781	37-0661220	МЕМО
THE ABRAHAM LINCOLN MEMORIAL HOSPITAL	200 STAHLUT DRIVE LINCOLN, IL 62656	37-0723793	ABRA
TAYLORVILLE MEMORIAL HOSPITAL	201 EAST PLEASANT TAYLORVILLE, IL 62568	37-0661250	TAYL
MEMORIAL HEALTH VENTURES	701 NORTH FIRST STREET SPRINGFIELD, IL 62781	36-3492266	МЕМО
MEMORIAL HOME SERVICES	720 NORTH BOND SPRINGFIELD, IL 62702	37-0714225	МЕМО
MEMORIAL PHYSICIAN SERVICES	701 NORTH FIRST STREET SPRINGFIELD, IL 62781	37-1181194	МЕМО
MEMORIAL MEDICAL CENTER FOUNDATION	1 MEMORIAL PLAZA SPRINGFIELD, IL 62781	37-1110301	МЕМО
ABRAHAM LINCOLN HEALTHCARE FOUNDATION	200 STAHLUT DRIVE LINCOLN, IL 62656	36-3492268	ABRA
TAYLORVILLE MEMORIAL HOSPITAL FOUNDATION INC	201 EAST PLEASANT TAYLORVILLE, IL 62568	37-1337485	TAYL
SPRINGFIELD RESIDENTIAL SERVICES	710 NORTH EIGHTH STREET SPRINGFIELD, IL 62702	37-1298589	SPRI



II Ernst & Young

Consolidated Financial Statements and Other Financial Information

Years Ended September 30, 2011, 2010, and 2009

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St Louis, Missouri 63105-3434

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Report of Independent Auditors

The Board of Directors Memorial Health System

We have audited the accompanying consolidated balance sheets of Memorial Health System and Subsidiaries (MHS) as of September 30, 2011, 2010, and 2009, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of MHS's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of MHS's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MHS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Our audits were conducted for the purpose of forming an opinion on the 2011, 2010, and 2009 basic consolidated financial statements taken as a whole. The consolidating balance sheets, consolidating statements of operations and changes in net assets, and consolidating statements of cash flows included on pages 50 through 61 are presented for the purpose of additional analysis and are not a required part of the 2011, 2010, and 2009 basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the 2011, 2010, and 2009 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011, 2010, and 2009 consolidated financial statements taken as a whole

Ernst + Young LLP

December 13, 2011

Consolidated Balance Sheets (In Thousands)

Current assets		 2011	Sep	otember 30 2010	2009
Cash and cash equivalents \$ 71,240 \$ 113,464 \$ 112,254 Short-term investments 99,525 98,236 71,517 Assets whose use is limited – current portion 16,461 56,286 5,204 Receivables Patient accounts receivable, net of allowance for uncollectible accounts of \$22,096, \$19,756, and \$15,898 as of September 30, 2011, 2010, and 2009, respectively 106,139 88,988 71,630 Estimated receivables from third-party payors 11,638 9,425 6,292 Other 23,700 21,454 11,466 Inventories 11,088 11,162 10,670 Prepaid expenses 7,913 7,198 5,631 Total current assets 347,704 406,213 294,664 Assets whose use is limited Board-designated funds 152,591 142,605 101,990 Self-insurance trusts 17,857 15,089 15,374 Bond trustee assets 1,614 1,624 1,659 Donor restricted assets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205	Assets				
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Other 23,700 21,454 11,466 Inventories 11,088 11,162 10,670 Prepaid expenses 7,913 7,198 5,631 Total current assets 347,704 406,213 294,664 Assets whose use is limited Board-designated funds 152,591 142,605 101,990 Self-insurance trusts 17,857 15,089 15,374 Bond trustee assets 1,614 1,624 1,659 Donor restricted assets sets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031	Estimated receivables from third-party				
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Board-designated funds 152,591 142,605 101,990 Self-insurance trusts 17,857 15,089 15,374 Bond trustee assets 1,614 1,624 1,659 Donor restricted assets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Total current assets	347,704		406,213	294,664
Self-insurance trusts 17,857 15,089 15,374 Bond trustee assets 1,614 1,624 1,659 Donor restricted assets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Assets whose use is limited				
Bond trustee assets 1,614 1,624 1,659 Donor restricted assets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	•	152,591		142,605	101,990
Donor restricted assets 8,694 8,548 8,069 Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Self-insurance trusts			15,089	15,374
Deferred compensation investments 19,064 19,205 17,644 Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Bond trustee assets	1,614		1,624	1,659
Total assets whose use is limited 199,820 187,071 144,736 Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747		•			•
Property, plant, and equipment 677,803 645,849 595,619 Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Deferred compensation investments	19,064		19,205	17,644
Less accumulated depreciation 315,613 324,048 316,750 Net property, plant, and equipment 362,190 321,801 278,869 Other assets 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Total assets whose use is limited	199,820		187,071	144,736
Net property, plant, and equipment 362,190 321,801 278,869 Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Property, plant, and equipment	677,803		645,849	595,619
Other assets Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Less accumulated depreciation	315,613		324,048	316,750
Investments in partnerships 4,919 6,783 6,867 Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Net property, plant, and equipment	362,190		321,801	278,869
Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Other assets				
Unamortized bond issuance costs 3,999 4,515 1,031 Beneficial interest in remainder trust 21,082 21,113 20,538 Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Investments in partnerships	4,919		6,783	6,867
Other 10,229 12,436 12,311 Total other assets 40,229 44,847 40,747	Unamortized bond issuance costs	3,999		4,515	1,031
Total other assets 40,229 44,847 40,747	Beneficial interest in remainder trust	21,082		21,113	20,538
	Other				
Total assets \$ 949,943 \$ 959,932 \$ 759,016	Total other assets	40,229		44,847	40,747
	Total assets	\$ 949,943	\$	959,932	\$ 759,016

	2011	Sep	otember 30 2010	2009
Liabilities and net assets				
Current liabilities				
Current installments of long-term debt				
obligations	\$ 5,420	\$	5,404	\$ 6,200
Accounts payable	35,561		40,607	43,606
Accrued payroll	26,324		25,634	23,048
Interest payable	4,292		4,328	1,176
Estimated third-party payor settlements	28,509		33,397	25,440
Other	 14,734		24,330	6,687
Total current liabilities	114,840		133,700	106,157
Long-term debt obligations – less current				
installments	220,990		226,570	111,175
Other liabilities				
Deferred compensation and benefits	19,798		19,960	18,476
Self-insurance accrued expenses	18,858		17,086	15,585
Accrued employee benefits	11,087		9,601	6,877
Pension obligation	75,651		103,622	75,394
Other	 12,441		12,852	10,055
Total other liabilities	 137,835		163,121	 126,387
Total liabilities	473,665		523,391	343,719
Net assets				
Unrestricted	445,194		405,587	385,399
Temporarily restricted	26,145		26,057	25,042
Permanently restricted	4,939		4,897	4,856
Total net assets	476,278		436,541	415,297
Total liabilities and net assets	\$ 949,943	\$	959,932	\$ 759,016

See accompanying notes.

Consolidated Statements of Operations and Changes in Net Assets (In Thousands)

	Years Ended September 30)
		2011		2010		2009
Revenues						
Net patient service revenues	\$	622,139	\$	616,507	\$	561,419
Capitation revenues		64,688		57,410		53,222
Hospital access improvement payments		25,723		23,416		29,270
Other revenues		23,515		19,771		19,083
Total revenues		736,065		717,104		662,994
Expenses						
Salaries and wages		255,388		242,210		230,985
Employee benefits		86,264		78,542		67,414
Physician fees		41,696		39,051		30,709
Utilities		11,996		11,171		11,630
Pharmaceutical supplies		21,708		22,732		20,569
Food		5,365		5,169		5,151
Patient service supplies		87,892		86,175		79,969
Supplies and other		88,786		82,182		73,473
Hospital provider assessment		12,221		12,238		15,251
Purchased medical services		35,516		29,380		28,315
Depreciation and amortization		41,259		37,783		33,128
Provision for uncollectible accounts		19,030		23,426		19,410
Interest expense and other financing costs		9,894		6,703		4,887
Total expenses		717,015		676,762		620,891
Income from operations		19,050		40,342		42,103
Nonoperating gains (losses)						
Interest and dividends		6,137		5,412		6,605
Realized gain (loss) on investments, net		2,712		(686)		(13.234)
Unrealized gain (loss) on investments, net		(16.040)		12,385		12,676
Change in fair value of interest rate swap		(110)		(2.788)		(3,166)
Contributions		2,096		3,221		4,723
Loss on extinguishment of debt		_		(561)		_
Other revenue (expenses), net		(3,048)		(8,457)		(2,250)
Total nonoperating gains (losses) – net		(8,253)		8,526		5,354
Excess of revenues over expenses		10,797		48,868		47,457

Consolidated Statements of Operations and Changes in Net Assets (continued) (In Thousands)

	Years Ended September 30)
		2011		2010		2009
Unrestricted net assets						
Excess of revenues over expenses	\$	10,797	\$	48,868	\$	47,457
Change in pension and post-employment						
obligations		28,674		(29,988)		(58,362)
Additional pension obligations as a result of						
adoption of new pension accounting standard						
provisions		_		_		(2.229)
Net assets released from restrictions for property						
acquisitions		44		1,142		538
Other		92		166		100
Increase (decrease) in unrestricted assets		39,607		20,188		(12,496)
Temporarily restricted net assets						
Contributions		1,350		2,801		2,618
Change in fair value of beneficial interest in						
perpetual trusts		770		1,173		8,814
Investment return (loss)		(52)		532		191
Net assets released from restrictions and other		(1,980)		(3,491)		(3,246)
Increase in temporarily restricted assets		88		1,015		8,377
Permanently restricted net assets – contributions and						
other		42		41		(121)
Increase (decrease) in net assets		39,737		21,244		(4.240)
Net assets, beginning of year		436,541		415,297		419,537
Net assets, end of year	\$	476,278	\$	436,541	\$	415,297

See accompanying notes.

Consolidated Statements of Cash Flows (In Thousands)

		s End	ded Septemb	er 30	
	2011		2010		2009
Cash flows from operating activities		45	21211	ds.	(1.2.10)
\mathcal{E}	\$ 39,737	\$	21,244	\$	(4,240)
Adjustments to reconcile change in net assets to					
net cash provided by (used in) operating					
activities					
Loss on extinguishment of debt	_		561		_
Change in unrealized gains on interest rate					
swaps	110		2.788		3,166
Restricted contributions and gains	(1,392)		(1,670)		(2.518)
Increase in beneficial interest in perpetual trust	(770)		(1,173)		(8.814)
Depreciation and amortization	41,261		37,871		33,216
Loss on disposal of assets	1,067		813		258
Provision for uncollectible accounts	19,030		23,426		19,410
Change in pension obligation	(28,674)		29,988		58,362
Additional pension obligations as a result of					
adoption of new pension accounting standard	_		_		2.229
Changes in assets and liabilities					
Accounts receivable	(36,181)		(40,784)		(21.103)
Inventory and other assets	(2.505)		(12,256)		(3.259)
Investments classified as trading, net	25,796		(120,428)		(2.444)
Estimated third-party payor settlements	(7.101)		4,824		(1,776)
Accounts payable and other current liabilities	(14.412)		20,381		15,909
Self-insurance and other long-term liabilities	3,702		3,958		(5.741)
Net cash provided by (used in) operating activities	39,668		(30,457)		82,655
Cash flows from investing activities					
Acquisition of property and equipment	(82,331)		(81,239)		(65.980)
Proceeds on sale of property	122		39		628
Change in investment in partnerships	1,863		86		(22)
Net change in other assets	1,824		348		1.016
Net cash used in investing activities	(78,522)		(80,766)		(64,358)
Cash flows from financing activities					
Restricted contributions and gains	1,392		1,670		2,518
Repayment of long-term obligations	(5,564)		(35,401)		(6,700)
Issuance of long-term obligations			150,000		
Payment of bond issuance cost and discount	_		(4,433)		_
Utilization of letter of credit	_				3,500
Repayment of letter of credit	_		_		(3.500)
Distributions from beneficial interest in remainder					` /
trust	802		597		583
Net cash provided by (used in) financing activities	(3,370)	-	112,433		(3,599)

Consolidated Statements of Cash Flows (continued) (In Thousands)

	Years Ended September 30				1	
		2011		2010		2009
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year	\$ <u>\$</u>	(42,224) 113,464 71,240	\$ <u>\$</u>	1,210 112,254 113,464	\$	14,698 97,556 112,254
Supplemental disclosure of cash flow information Cash paid for interest	\$	10,989	\$	7,631	\$	3,275
Noncash information Increase in value of beneficial interest in perpetual trusts	\$	770	\$	1.173	\$	8.814

See accompanying notes.

Notes to Consolidated Financial Statements (Dollars in Thousands)

September 30, 2011

1. Organization

Memorial Health System (Parent) is incorporated as a not-for-profit corporation under the laws of the state of Illinois and is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) Memorial Health System and Subsidiaries (MHS) comprise the following corporations and their subsidiaries

Memorial Health System

Sole corporate member of

- Memorial Medical Center (MMC)
 - Memorial Medical Center Foundation (MMCF)
- Memorial Physician Services (MPS)
 - Sole shareholder of
 - Healthcare Network Associates of Sangamon, Inc (HCNA of Sangamon)
 - Sole corporate member of
 - HealthCare Network Properties, LLC d/b/a Memorial Properties (MP)
 - Capitol Healthcare Medical Associates, LLC (CH)
 - Family Medical Center of Chatham, LLC (FMCC)
 - Family Medical Center of Lincoln, LLC (FMCL)
 - Jacksonville, LLC (JV)
 - Jacksonville Pediatric Associates, LLC (JPA)
 - Koke Mill Medical Associates, LLC (KMMA)
 - Menard Medical Center, LLC (MM)
 - North Dirksen Medical Associates, LLC (North Dirksen)
 - South Sixth Medical Associates, LLC (South Sixth)
 - Women's Healthcare, LLC (WH)
- Memorial Home Services NFP (MHSvc)
 - Sole shareholder of
 - Memorial Home Services of Central Illinois, Inc (MHSCI)
- The Abraham Lincoln Memorial Hospital (ALMH)
- Abraham Lincoln Healthcare Foundation (ALHF)
- o Mental Health Centers of Central Illinois (MHCCI)
- Memorial Health Ventures (MHV)
 - Sole corporate member of
 - Memorial ExpressCARE, LLC (ExpressCARE)
- Taylorville Memorial Hospital (TMH)
 - TMH Foundation, Inc (TMHF)

All significant intercompany transactions and balances have been eliminated in the consolidated financial statements

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts whose use is limited by board designation or other arrangements under trust agreements MHS places its cash and cash equivalents with institutions with high credit quality. However, at certain times, such cash and cash equivalents are in excess of government-provided insurance limits. MHS routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. MHS's cash and cash equivalents are invested in financial instruments that potentially subject MHS to concentrations of credit risk.

Short-Term Investments

Short-term investments primarily consist of cash and cash equivalents, corporate obligations, government obligations, certificates of deposit, mutual funds, and corporate equity securities that are classified as current assets because such amounts are available to meet MHS's operating cash requirements

Accounts Receivable

MHS provides health care services through inpatient and outpatient care facilities located in central Illinois and grants credit to patients, substantially all of whom are local residents MHS generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies, including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies

The allowance for uncollectible accounts is based upon management's assessment of expected amounts to be collected, considering historical business and economic conditions, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon its review of accounts receivable payor composition and aging This review takes into consideration recent write-off experience by payor category, payor agreement rate changes, and other factors. The results of these evaluations are used to make any modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance, MHS follows established guidelines for placing certain past-due patient balances with collection agencies

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Inventories

Inventories, consisting primarily of medical supplies and drugs, are stated at the lower of cost or market value Cost is determined using the average cost method

Assets Whose Use is Limited

Assets whose use is limited primarily include designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes The classification may also include amounts set aside under revocable self-insurance trust agreements, assets held by trustees under indenture agreements, assets restricted as to use by donors, and deferred compensation investments Amounts designated to help meet the current liabilities of MHS have been classified as the current portion of assets whose use is limited in the consolidated balance sheets

Investment securities are recorded at fair value, based on the valuation methodologies used in the Fair Value Measurement and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification The cost of securities sold is based on the specific identification method MHS classifies its investment portfolio as trading, with unrealized gains and losses included in excess of revenues over expenses

Realized and unrealized gains and losses on investments, interest, and dividends from all other investments are reported as nonoperating gains (losses) unless the income is restricted by donor or law

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if donated, at fair value at the date of receipt Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows

Land improvements	10-25 years
Buildings and improvements	10-40 years
Equipment	3-7 years

Leasehold improvements are depreciated over the corresponding lease term and included in depreciation expense

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Beneficial Interest in Trust

MMC is the beneficiary of an irrevocable trust held and administered by a third-party trustee The income from this trust is distributed annually, and the principal will be distributed at some future date. The proceeds from the trust are restricted by the donor to be used for general maintenance and support of MMC MMC's beneficial interest in the trust of \$21,082 as of September 30, 2011, is equal to the estimated fair value of the underlying trust assets and is recognized by MMC as temporarily restricted net assets. Trust distributions were \$802, \$597, and \$583 in 2011, 2010, and 2009, respectively, and are included in unrestricted contributions within the consolidated statements of operations and changes in net assets.

TMHF is the discretionary income beneficiary of a trust. The principal of this trust is not controlled by TMHF, nor will it revert to TMHF upon dissolution, and accordingly, it is not reflected in the accompanying consolidated financial statements. The market value of assets held in the trust totaled \$568, \$609, and \$588 as of September 30, 2011, 2010, and 2009, respectively. Trust distributions were \$23, \$23, and \$18 in 2011, 2010, and 2009, respectively, and were included in unrestricted contributions within the consolidated statements of operations and changes in net assets.

Other Assets

Other assets primarily consist of cash surrender value of life insurance policies, non-compete agreement clauses in physician acquisition contracts, and reinsurance recoveries. Under the terms of the agreements, vesting to the physicians in the cash surrender values occurs over various terms.

Deferred Compensation Investments

MHS has several non-qualified deferred compensation plans available to select employees Contributions to the plans are invested in mutual funds and are payable to the employees upon vesting, retirement, or resignation Deferred compensation investments at fair value and deferred compensation liabilities have been recorded in the accompanying consolidated balance sheets

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Accrued Employee Benefits

The accrual for post-employment benefits consists of four liabilities the continuation of medical benefits to employees on long-term disability, postretirement health care benefits for certain employee groups that meet special qualifications, sick time paid at retirement, and the paid sick time program MHS accrues these benefits based on actuarial estimates

Net Assets

MHS's net assets and activities are classified as restricted and unrestricted based on the existence or absence of donor-imposed restrictions. Restricted net assets consist of temporarily restricted net assets, whose use by MHS has been limited by donors to a specific time period or for a particular purpose, and permanently restricted net assets, which must be maintained by MHS in perpetuity with the related investment income expendable to support the donor-designated purpose. The general nature of the donor restrictions is to support MHS's mission, health education programs, and to assist in capital purchasing

MHS's endowments consist of approximately 35 individual donor-restricted funds established for a variety of purposes Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

MHS has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of investments over the prior 36 months as of September 30 of the preceding fiscal year in which the distribution is planned In establishing this policy, MHS considered the long-term expected return on its endowments Accordingly, over the long term, MHS expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with MHS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenues

MHS has agreements with third-party payors that provide for payments at amounts different than its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenues are reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and these amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations MHS's net patient service revenue increased by \$7,736, \$4,385, and \$5,496 in 2011, 2010, and 2009, respectively, due to changes in estimated payments related to third-party payors and certain historical cost report periods

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with Medicare and Medicaid laws and regulations can make MHS subject to significant regulatory action, including substantial fines and penalties, as well as exclusion from the Medicare and Medicaid programs

Capitation Revenues

MHS has entered into risk-based contracts Under these arrangements, MHS receives capitation payments based on the demographic characteristics of covered members in exchange for providing certain medical services to those members MHS has engaged in stop-loss insurance contracts to protect against future significant losses for catastrophic cases

Purchased medical services represent payments made to out-of-network providers for covered medical claims MHS estimates its liability for covered medical claims, including claims incurred but not reported as of the balance sheet dates, based upon historical costs incurred and payment-processing experience. The liability for covered medical claims is included in other current liabilities in the accompanying consolidated balance sheets.

Asset Impairment

MHS considers whether indicators of impairment are present and, if present, performs the necessary tests to determine whether the carrying values of an asset are appropriate Impairment write-downs are recognized in depreciation expense at the time the impairment is identified

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Charity Care

In support of its mission, MHS provides care to patients who lack financial resources and are deemed to be financially indigent. Traditional charity care includes cost of services provided to persons who MHS determines cannot afford health care because of inadequate resources. The charges for services provided to charity patients are not reported as net patient service revenue.

Derivative Financial Instruments

MHS uses interest rate swap instruments as part of a risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Derivatives are used to hedge identified and approved exposures and are not used for speculative purposes. All derivatives are recognized as either assets or liabilities and are measured at fair value MHS uses pricing models for various types of derivative instruments that take into account the present value of estimated future cash flows. Gains and losses resulting from changes in the fair value of derivatives are reflected in nonoperating gains (losses) in the consolidated statements of operations and changes in net assets.

Derivatives provide counterparty credit risk. This is the risk that contractual obligations of the other parties to the agreements will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics. Such concentration would cause the counterparties' ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. In addition, MHS is subject to the market risk associated with changes in the value of the underlying financial instrument.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to MHS are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the condition is met Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets A donor restriction expires when a stipulated time restriction ends or the purpose restriction is accomplished At that time, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

1108-1285-41

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Donor-restricted contributions whose restrictions are met within the same year as they are received are reported as unrestricted contributions in the accompanying consolidated financial statements

Performance Indicator

MHS's performance indicator (excess of revenues over expenses) includes all changes in unrestricted net assets other than net assets released from restrictions for property acquisitions, pension, and post-employment liability adjustments

Operating and Nonoperating Gains (Losses)

MHS's primary mission is to improve the health of the people and communities it serves through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to MHS's primary mission are considered to be nonoperating. Nonoperating activities include interest, dividends, realized and unrealized gains and losses on investments, change of fair value of interest rate swaps, contributions, and other revenues and expenses not related to patient care.

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

1108-1285-41

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

Effective for the year ended September 30, 2010, MHS adopted the guidance related to employers' disclosures about postretirement benefit plan assets. This guidance requires disclosure of how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period, and significant concentrations of risk within plan assets

In August 2010, the FASB issued Accounting Standards Update (ASU) 2010-23, *Measuring Charity Care for Disclosure* The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated and disclosed across health care entities that provide it Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care Funds received to offset or subsidize the cost of charity care provided, for example from gifts or grants restricted for charity care, should be separately disclosed As a health care entity does not recognize revenue when charity care is provided, this update will only require enhanced disclosures and will have no effect on the consolidated statements of operations and changes in net assets This new guidance is effective for fiscal years beginning after December 15, 2010, with retrospective application required and with early application permitted MHS adopted this guidance in fiscal year 2010

In July 2011, the FASB issued ASU 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time of service even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the statement of operations Additionally enhanced disclosure about the entity's policies for recognizing revenue and assessing bad debts, including disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts, is required This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted This guidance will be effective for MHS in fiscal year 2013 MHS is evaluating the effect this guidance will have on its consolidated financial statements

1108-1285-041

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Effective for the year ended September 30, 2010, MHS adopted new accounting guidance required by the Fair Value Measurements and Disclosures Topic to require additional disclosures regarding fair value measurements. The amended guidance requires entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy. Entities are also required to disclose information in the Level 3 rollforward about purchases, sales, issuances, and settlements on a gross basis. In addition to these new disclosure requirements, the guidance further clarifies existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. See Note 11 for additional information on the adoption of this topic

Reclassifications

Certain amounts in the 2010 and 2009 consolidated financial statements have been reclassified to conform to the 2011 presentation. These reclassifications had no effect on net assets or the excess of revenues over expenses as of and for the years ended September 30, 2010 and 2009, as previously reported.

3. Income Taxes

Each of MHS's subsidiaries, excluding MP, ExpressCARE, CH, FMCC, FMCL, JV, JPA, KMMA, MM, North Dirksen, South Sixth, WH, and MHSCI, is a separately incorporated not-for-profit corporation as described under Section 501(c)(3) of the Code and is tax-exempt from federal income taxes on related income pursuant to Section 501(a) of the Code

MHSCI is a taxable for-profit corporation MP, CH, FMCC, FMCL, JV, JPA, KMMA, MM, North Dirksen, South Sixth, and WH are limited liability companies (LLCs), whose sole member is MPS ExpressCARE is an LLC whose sole member is MHV Each LLC is considered a disregarded entity for tax purposes and is exempt from income tax as part of its member, MPS HCNA of Sangamon ceased operations on January 1, 2009, and concluded business as of September 30, 2010

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Revenues

Net Patient Service Revenues

The following is the mix of net patient service revenues from patients and other payors

		September 30	
	2011	2010	2009
Medicare	39 2%	37 3%	37 9%
Medicaid	8 1	7 4	8 0
Managed care	24 0	22 8	23 9
BlueCross BlueShield	19 5	19 2	19 3
Other commercial payors	6 8	10 7	8 3
Patients	2 4	2 6	2 6
Total	100 0%	100 0%	100 0%

The following is the mix of net receivables from patients and other payors

		September 30	
	2011	2010	2009
Medicare	23 0%	26 2%	27 0%
Medicaid	12 2	61	10 2
Managed care	41 3	39 7	40 2
BlueCross BlueShield	13 1	10 9	12 4
Other commercial payors	8 3	15 1	8 7
Patients	2 1	2 0	1 5
Total	100 0%	100 0%	100 0%

Gross patient service revenue from Medicare was \$832,986, \$760,747, and \$692,060 in 2011, 2010, and 2009, respectively MHS is paid for services rendered to Medicare program beneficiaries generally under prospectively determined rates. Those rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors MMC's payment classification of patients under the prospective system is subject to audit by the program's professional review organization. TMH and ALMH are both designated as critical access hospitals and receive cost-based reimbursement for the majority of their Medicare services. MHSvc is reimbursed under the prospective payment system for substantially all Medicare beneficiaries.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Revenues (continued)

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient and home health services rendered to Medicaid program beneficiaries are reimbursed upon a per visit, per diem rate or on a fee-forservice basis Gross patient service revenue rendered under Medicaid agreements was \$223,485, \$208,185, and \$185,214 for 2011, 2010, and 2009, respectively

In addition to the Medicaid net receivable of \$12,975, as of September 30, 2011, the non-Medicaid net receivable from the State of Illinois was \$33,123. The non-Medicaid net receivable primarily consists of payments due related to the State of Illinois' employee health insurance program and workers' compensation insurance program, as well as payments due from other state programs. Payments made by the State of Illinois from these programs are currently delayed approximately 11 months.

On November 21, 2006, the Center for Medicare and Medicaid Services (CMS) approved the state of Illinois' Hospital Assessment Program (the Program) The Program was initially effective from July 1, 2005 through June 30, 2008 On December 4, 2008, CMS approved the Program for an additional five years and is effective from July 1, 2008 through June 30, 2013 MHS recognized Illinois hospital assessment revenue of \$25,723, \$23,416, and \$29,270 for the years ended September 30, 2011, 2010, and 2009, respectively, and assessment expense of \$12,033, \$12,033, and \$15,042 for the years ended September 30, 2011, 2010, and 2009, respectively Program revenues and expenses for the period from July 1, 2008 to September 30, 2009, were recognized in MHS's fiscal 2009 Annual Program revenue and expenses subsequent to September 30, 2009 were recognized consistent with MHS's fiscal year. In connection with the Program, contributions of \$188, \$205, and \$209 for 2011, 2010, and 2009, respectively, were also made to the Illinois Hospital & Research Education Foundation for the Program period July 2007 to September 2010, which was reflected as hospital provider assessment expense in the consolidated statements of operations and changes in net assets. The net impact of the assessment was to increase excess of revenues over expenses by \$13,502, \$11,178, and \$14,019 for the years ended September 30, 2011, 2010, and 2009, respectively

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

4. Revenues (continued)

Capitation Revenues

MMC and Springfield Clinic, LLP formed a network on July 1, 1999 The purpose of the network is to work cooperatively with and assist Health Alliance Medical Plans to arrange for, develop, and maintain a network of participating providers and to provide covered services to plan members in the service area At September 30, 2011, MMC has an agreement with the network to provide medical services to over 25,700 members of the network MMC receives a monthly capitation payment based on the number of members, regardless of services provided by MMC or other providers As of September 30, 2011, 2010, and 2009, MHS has recognized a liability for covered medical claims of \$1,040, \$1,820, and \$1,460, respectively

5. Community Benefits

MHS's mission is to improve the health of the people and communities it serves MHS provides quality health care to all, regardless of their ability to pay Charity care is provided to those who are eligible based on MHS's policy MHS also incurs unpaid costs for government programs because reimbursement is not sufficient to cover costs associated with Medicare and Medicaid patients. In addition to the charity care responsibilities, MHS provides numerous other community benefits. These community benefits include medical education and research, community health education, screenings, support groups, counseling services, and in-kind support. To address the need for health care providers, a number of programs are offered for young people who may be interested in a career in health care.

MMC participates in a community partnership in support of the Capitol Community Health Center ALMH, FMCL, and MHCCI all assume leadership roles within Logan County's Healthy Communities Partnership (the Partnership) The objective of the Partnership is to deliver basic health care services to people of all ages TMH sponsored a Healthy Heart Fair and a Mother and Baby Health Fair These collaborations address needs identified in each community

MHS utilizes guidelines developed by various organizations to quantify community benefit activities MHS defines community benefit activities as those that improve access to care, as well as the health of the broader community In addition to charity care and the unpaid costs of government sponsored health care, community benefit activities will normally fall into one of the following categories non-billed community health services, health professions education, subsidized health services, research, financial, and in-kind contributions, community building

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Community Benefits (continued)

activities, and community benefit operations MHS calculates the unpaid cost of services by payor using an activity-based costing methodology. Direct costs related to patient care are added to indirect costs, which have been allocated based upon relative value units of each procedure. The sum of direct and indirect costs is offset by any net revenues to determine the unpaid costs by payor. Services provided to Medicare, Medicaid, and charity care patients represent the most significant levels of uncompensated care. MHS calculates the cost of other community benefits by identifying specific expenditures incurred by the health system that directly benefited the community. Current community benefit activities include medical education and research, community health education, screenings, support groups, counseling services, and volunteer support.

Following the demolition of the old Abraham Lincoln Memorial Hospital, ALMH, donated nearly 5 5 acres of land to the city of Lincoln and 1 acre of land to St John's United Church of Christ The office building that previously housed hospital business offices was donated to the Lincoln School District

The following is a summary of management's estimate of the uncompensated costs of MHS's community services

	Years Ended September 30											
						2011					2010	2009
		ммс	A	LMH_		ТМН		l Other ffiliates		Total	Total	Total
Unpaid cost of Medicare	\$	37,070	\$	_	\$	_	\$	3,290	\$	40,360	\$ 30,484	\$ 25,165
Unpaid cost of Medicaid		20,243		4,438		2,303		3,384		30,368	30,256	26,411
Unpaid cost of charity care		15,072		1.384		1,173		604		18,233	17,703	16.395
Other community benefits		17.836		433		123		263		18,655	21,174	12.359
Subtotal		90,221		6.255		3,599		7,541		107,616	99.617	80,330
Illinois Hospital Assessment, net		(9,436)		(2.180)		(1.886)				(13.502)	(11,178)	(14.019)
Total community benefits	\$	80,785	\$	4,075	\$	1,713	\$	7,541	\$	94,114	\$ 88,439	\$ 66,311

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Assets Whose Use is Limited and Short-Term Investments

MHS's investments are exposed to various kinds and levels of risk Fixed income securities expose MHS to interest rate risk, credit risk, and liquidity risk As interest rates change, the value of many fixed income securities is affected Credit risk is the risk that the obligor of the security will not fulfill its obligations Liquidity risk is affected by the willingness of market participants to buy and sell given securities Equity securities expose MHS to market risk, performance risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets, both foreign and domestic Performance risk is the risk associated with a company's operating performance Liquidity risk as previously defined tends to be higher for foreign equities and equities related to small capitalization companies

The composition of assets whose use is limited and short-term investments, all at fair market value, is set forth in the following table

	2011		September 30 2010		2009	
Cash and cash equivalents	\$	49,987	\$	76,972	\$	21,195
Certificates of deposit		7,380		7,041		10,049
U S treasury obligations		36,799		43,852		17,727
Government obligations		13,818		33,571		17,877
Corporate obligations		57,062		56,839		46,973
Corporate equities		78,307		68,354		59,856
International equities		5,961		7,846		6,385
Investment in real estate		2,110		2,110		903
Mutual funds and deferred compensation		63,540		44,118		39,674
Accrued interest receivable and other		842		890		818
Assets whose use is limited and short term						
investments		315,806		341,593	\$	221,457

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Property, Plant, and Equipment

The following is a summary of property, plant, and equipment

	September 30 2011 2010					2009		
		2011		2010				
Land	\$	26,753	\$	25,265	\$	25,596		
Land improvements		34,735		15,599		14,707		
Buildings		357,376		308,598		297,383		
Equipment		240,818		225,147		235,570		
Construction in progress		18,121		71,240		22,363		
		677,803		645,849		595,619		
Less accumulated depreciation		315,613		324,048		316,750		
Property, plant, and equipment, net	\$	362,190	\$	321,801	\$	278,869		

Capitalized interest was \$1,173, \$3,220 and \$465 for years ended September 30, 2011, 2010 and 2009, respectively

8. Investments in Partnerships

Investments in partnerships are accounted for using the equity method when the ownership interest is 20% or greater The cost method is used for other investments in partnerships Income from these investments in partnerships was \$2,920, \$1,917, and \$2,154 for years ending September 30, 2011, 2010, and 2009, respectively, and is reflected in other revenue in the consolidated statements of operations and changes in net assets Investments in partnerships include the following entities

		Ownership at	c	S4		
		September 30,		September 30		
	Ownership	2011	2011	2010	2009	
Prairie Diagnostic Center, LLC	MHV	0.0%	\$ -	\$ 2,204	\$ 2,306	
Rutledge Joint Ventures, LLC	MHV	50 0	2,455	2,258	2,263	
Orthopaedic Surgery Center of IL, LLC	MHV	50 0	1,282	1,145	1,154	
Jacksonville Joint Ventures, LLC	MHSvc	50 0	642	565	556	
Miller Street Properties	MPS	33 3	380	342	319	
United Imaging Center	MPS	0.0	_	130	117	
Lincolnland Lithotripsy, Inc	MMC	8.3	100	100	100	
Memorial Employee Assistance Services, LLC	MHCCI	50 0	4 7	24	36	
WTA Laser, LLC	MHV	28 0	13	15	16	
Investments in partnerships		=	\$ 4,919	\$ 6,783	\$ 6,867	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Investments in Partnerships (continued)

Prairie Diagnostic Center, LLC

Prairie Diagnostic Center, LLC was organized to own and operate a freestanding outpatient diagnostic cardiovascular imaging facility that provides diagnostic cardiac catheterization and magnetic resonance angiography services MHV sold its partnership interest effective June 30, 2011

Rutledge Joint Ventures, LLC

MHV and Heritage Enterprises, Inc participate in a 50/50 joint venture in Rutledge Joint Ventures, LLC d/b/a Heritage Manor Heritage Enterprises, Inc is responsible for the management of the operations and accounting for the skilled nursing and subacute care facility

Orthopedic Surgery Center of Illinois, LLC

MHV and a group of orthopedic surgeons participate in a 50/50 joint venture, Orthopaedic Surgery Center of Illinois, LLC An operating lease has been executed between MHS and the joint venture

Jacksonville Joint Ventures, LLC

MHSCI and Passavant Area Hospital participate in a 50/50 joint venture, Jacksonville Joint Ventures, LLC d/b/a Passavant Home Services The joint venture's purpose is to provide medical equipment, respiratory therapy, and intravenous infusion services in the home

Miller Street Properties

Miller Street Properties is a general partnership between MPS and three other health care professionals The partnership is the beneficiary of US Bank Land Trust dated November 30, 1994, and known as Trust No 7516-SP The principal of the land trust is the real estate situated in the city of Springfield The principal place of business is 340 W Miller Street, Springfield, Illinois The partnership has 18 units, of which MPS owns 6, for a 33 3% interest

United Imaging Center

United Imaging Center is a 50/50 general partnership between MPS and LaSante, Inc The partnership ceased operations as a freestanding magnetic resonance imaging center located at 611 North Sixth Street, Springfield, Illinois, on January 31, 2008 The partnership was dissolved on June 30, 2011

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

8. Investments in Partnerships (continued)

Lincolnland Lithotripsy, Inc

Lincolnland Lithotripsy, Inc provides medical equipment and medical equipment management, primarily by furnishing mobile lithotripter equipment and supplies MMC has executed an equipment and service lease with the entity

Memorial Employee Assistance Services, LLC

Memorial Employee Assistance Services, LLC is a partnership between MHCCI and Chestnut Global Partners (Chestnut) MHCCI is responsible for providing the clinical staffing and support, and Chestnut is responsible for administration and infrastructure Chestnut has a 50% interest and MHCCI has 50% The purpose of the joint venture is to provide specialized employee assistance programming to businesses in Springfield and the surrounding area

WTA Laser, LLC

WTA Laser, LLC is a joint venture between six individual community urologists and MHV MHV owns a 28% interest in the joint venture, and the other six urologists each have a 12% interest WTA Laser, LLC owns and leases equipment used in the treatment of diseases of the urinary tract and prostate and, in particular, purchases laser equipment used for photo-selective vaporization of the prostate

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Obligations

Long-term obligations for year's ended September 30, 2011, 2010, and 2009, are as follows

	2011	Sej	otember 30 2010	2009
Obligated Group				
Revenue Bonds (Series 2009) issued				
December 22, 2009, secured by pledge				
revenues of the MHS Obligated Group at an				
annual fixed effective interest rate of 5 37% and				
5 34% for September 30, 2011 and 2010,				
respectively	\$ 87,881	\$	88,430	\$ _
Variable Rate Demand Revenue Bonds (Series				
2003) at average variable interest rates of 0 19%, 0 23%, and 0 66%, as of September 30,				
2011, 2010, and 2009, respectively, swapped at				
70% of LIBOR through October 1, 2022,				
secured by a letter of credit that expires				
March 31, 2013	27.865		29,320	29,690
Taxable Variable Rate Demand Revenue Bonds				
(Series 2004) at average variable interest rates				
of 0 23%, 0 32%, and 1 81% as of				
September 30, 2011, 2010, and 2009,				
respectively, swapped at 100% of LIBOR				
through October 1, 2024, secured by a letter of	10.40		20.460	21 100
credit that expires March 31, 2013	19,405		20,469	21,480
Variable Rate Demand Revenue Bonds (Series				
1985C) at average variable interest rates of 0.21%, 0.28%, and 0.88% as of September 30.				
2011, 2010, and 2009, respectively, swapped at				
70% of LIBOR through January 1, 2016,				
secured by a letter of credit that expires				
March 31, 2013	15,000		15,000	15,000
Revenue Bonds (Series 1997) at 5 05% interest				
rate through defeasance on December 21, 2009	_		_	31,340
Revenue Bonds (Series 1993) at 5 25% interest				
rate through October 1, 2009, secured by a				
security interest in unrestricted receivables of				00-
MMC and the Parent	 150 151		152.210	 925
Obligated Group debt subtotal	150,151		153,219	98,435

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Obligations (continued)

		2011	Se	ptember 30		•000
		2011		2010		2009
Other Entities						
Indenture issued to Abraham Lincoln Memorial						
Hospital as part of the revenue bonds (Series						
2009) issued December 22, 2009, secured by						
pledge revenues of the MHS Obligated Group at an annual fixed effective interest rate of						
5 37% and 5 34% for September 30, 2011 and 2010, respectively	\$	42.832	¢	43,100	\$	
Indenture issued to Taylorville Memorial Hospital	Ф	42,052	Ф	45,100	Ф	_
as part of the revenue bonds (Series 2009)						
issued December 22, 2009, secured by pledge						
revenues of the MHS Obligated Group at an						
annual fixed effective interest rate of 5 37% and						
5 34% for September 30, 2011 and 2010,						
respectively		18,357		18,470		_
Variable Rate Loan program notes (Series 1999A)						
at an average variable interest rate of 0 27%.						
0 33%, and 2 37% as of September 30, 2011,						
2010, and 2009, respectively, due January 1,						
2018, secured by a letter of credit that expires						
January 15, 2013 and company assets (MP), and				440=0		40.550
guaranteed by the Obligated Group		15,070		16,870		18,570
Revenue Refunding Bonds (Series 2003) at						
varying interest rates up to 5 0% were paid in				315		270
full within the fiscal year 2011		226,410		231,974		370 117,375
Total long-term obligations Less current installments of long-term obligations		5.420		231,97 4 5,404		6.200
Long-term obligations – less current installments	\$	220,990	\$	226,570	\$	111,175
Long-term obligations – less current installments	Ф	420,990	<u> </u>	220,370	—	111,1/3

Of MHS's debt, 93% is outstanding under a Master Trust Indenture (MTI) dated December 1, 2009 Currently, the Parent and MMC are the corporations that are Obligated Group members under the MTI The MTI requires the Obligated Group to maintain debt covenants, including meeting a minimum debt service coverage ratio

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Obligations (continued)

MHS maintains letters of credit with JP Morgan Chase Bank supporting the Series 1985, Series 2003, and Series 2004 bonds As of September 30, 2011, 2010, and 2009, the letters of credit are available up to \$75,000 and at September 30, 2011, 2010, and 2009, had \$64,290, \$66,851, and \$67,374 of related debt and interest outstanding against them, respectively The letters of credit expire on March 31, 2013 During October 2008, certain of the Obligated Group's variable rate demand bonds failed to remarket, triggering the use of the supporting letter of credit for a brief period By each fiscal year-end, the bonds were successfully remarketed and the letter of credit was repaid If the bonds are not remarketed, the principal on the term loans would generally be payable 24 months after the failed remarketing

MP maintains a letter of credit supporting the 1999A series bonds As of September 30, 2011, 2010, and 2009, the letter of credit is available up to \$36,200 and at September 30, 2011, 2010, and 2009, had \$15,417, \$17,258, and \$18,997 of related debt and interest outstanding against it, respectively The letter of credit expires on January 15, 2013 If the bonds are not remarketed, the principal is due at expiration of the letter of credit

MMC and the Parent have entered into a guaranty agreement of the Series 1999A variable rate debt acquired by MP This guaranty expires with the maturity of the bonds, and will not exceed the sum of \$22,056

During fiscal year 2010, the Series 2009 bonds were issued in the amount of \$150,000 The Series 2009 bonds are a fixed interest rate issue, with an array of coupon rates ranging from 3 09% to 5 50% The maturity schedule extends to 2039 with an average fixed coupon rate of 5 42% The bond issue is secured by pledged revenues of the Obligated Group The proceeds of the Series 2009 Bonds were loaned to MHS, MMC, ALMH, and TMH The proceeds of the bond was utilized to finance projects that included a replacement hospital for ALMH, construction of a new ambulatory service building at TMH, and the expansion of surgery capabilities and imaging services and construction of a new parking garage at MMC

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Obligations (continued)

Aggregate maturities of long-term obligations at September 30, 2011, are as follows

Years ending September 30	
2012	\$ 5,420
2013	5,590
2014	5,810
2015	6,009
2016	6,211
Thereafter	 197,370
Total	\$ 226,410

Interest expense, excluding interest rate swap activity, is \$6,993, \$3,649, and \$2,399 for the years ended September 30, 2011, 2010, and 2009, respectively. The fair value of MHS's long-term obligations is estimated based on the quoted market prices for the same or similar issues or on the current rates offered for obligations of the same maturities. As of September 30, 2011, 2010, and 2009, the fair value of MHS's long-term obligations, based upon a discounted cash flow analysis, is \$230,496, \$235,618, and \$117,541, respectively

10. Derivatives

MHS has interest rate related derivative instruments to manage its exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than risk management purposes Interest rate swap contracts between MHS and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and expose MHS to market risk and credit risk Credit risk is the risk that contractual obligations of the counterparties will not be fulfilled Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that could cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for MHS's counterparties. The counterparties to these contracts are financial institutions that carry investment-grade credit ratings MHS does not anticipate nonperformance by its counterparties Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by established and monitoring parameters that limit the types and degree of market risk that may be under taken Management also mitigates risk through periodic reviews of MHS's derivative positions in the context of its blended cost of capital

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Derivatives (continued)

The following is a summary of the outstanding positions under these interest rate swap agreements at September 30, 2011

Expiration Date	MHS Pays	MHS Receives	Notional Amount
October 1, 2024	4 99%	LIBOR	\$19,405
October 1, 2022	3 69%	70% of LIBOR	\$27,865
January 1, 2016	3 49%	70% of LIBOR	\$15,000

The objective of these interest swaps is to mitigate interest rate fluctuations and synthetically fix the interest rate of the related bond series MMC and MHS have entered into an interest rate swap agreement to convert the 1985C, 2003, and 2004 series variable rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense Effective April 1, 2007, MHS dedesignated all of its previous hedging relationships for the swaps The accumulated unrealized derivative loss of \$836, \$935, and \$1,034, is included in unrestricted net assets at September 30, 2011, 2010, and 2009, respectively, and is being amortized into excess of revenues over expenses over the remaining term of the bonds that are being hedged The net amount reclassified was \$99 for each of the years ended September 30, 2011, 2010, and 2009, and was included as nonoperating losses in the accompanying consolidated statements of operations and changes in net assets

The fair value of derivative instruments at September 30, 2011, 2010, and 2009, are as follows

Derivates Not Designated	Balance Sheet		Sej	ptember 30)	
as Hedging Instruments	Location	 2011 2010				2009
	Other long- term					
Interest rate swaps	liabilities	\$ 9,165	\$	9,055	\$	6,267

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Derivatives (continued)

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for the years ended September 30, 2011, 2010, and 2009, are as follows

	Location of Loss on		nount of Loss on Derivatives Recognized in Excess of Revenue over Expenses					
Derivatives Not Designated as	Derivatives Recognized in Excess of Revenues over	Years	s Ended Septemb	er 30				
Hedging Instruments	Expenses	2011	2010	2009				
Interest rate swaps	Change in fair value of interest rate swap Interest expense and other financing	\$ (110)	\$ (2.778)	\$ (3.166)				
	costs	(2,405)	(2,489)	(2.242)				

11. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

Certain of MHS's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income, equity instruments, mutual funds, and interest rate swap agreements. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date Level 1 primarily consists of financial instruments such as money market securities and listed equities

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

11. Fair Value Measurements (continued)

Level 2 – Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date Level 2 inputs may include quoted prices for similar assets and liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability Instruments in this category include certain U S government agency and sponsored entity debt securities and interest rate swap agreements

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at September 30, 2011

		Level 1		Level 2	Level 3		Total
Assets							
Cash and cash equivalents	\$	49,987	\$	_	\$ _	\$	49,987
Certificates of deposit		_		7,380	_		7,380
U S treasury obligations		36,799		_	_		36,799
Government obligations		_		13,818	_		13,818
Corporate obligations		_		57,063	_		57,063
Corporate equities							
Consumer discretionary		10,834		_	_		10,834
Consumer staples		4,572		_	_		4,572
Energy		7,703		_	_		7,703
Financial		10,401		_	_		10,401
Health care		11,505		_	_		11,505
Industrials		11,685		_	_		11,685
Information technology		14,437		_	_		14,437
Materials		2,972		_	_		2,972
Telecommunication services		2,029		_	_		2,029
Utılıtıes		1,855		_	_		1,855
Other equities		314		_	_		314
International equities		5,961		_	_		5,961
Investment in real estate		_		_	2,110		2,110
Mutual funds		37,798		25,742	_		63,540
Accrued interest receivable and							
other		286		555	_		841
Assets limited as to use		209,138	_	104,558	 2,110		315,806
Beneficial interest in remainder				2011223			
trust		701		_	20,381		21,082
Total assets	\$	209,839	\$	104,558	\$ 	\$	336,888
Total desects	<u> </u>	207,027	=	101,000	 	Ψ	220,000
Liabilities							
Interest rate swaps	\$		\$	9,165	\$ 	\$	9,165
Total liabilities	\$		\$	9,165	\$ 	\$	9,165

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at September 30, 2010

		Level 1		Level 2		Level 3		Total
Assets								
Cash and cash equivalents	\$	76,972	\$	_	\$	_	\$	76,972
Certificates of deposit		_		7.041		_		7,041
U S treasury obligations		43,852		_		_		43,852
Government obligations		_		33,571		_		33,571
Corporate obligations		_		56,839		_		56,839
Corporate equities								
Consumer discretionary		10,463		_		_		10,463
Consumer staples		3,529		_		_		3,529
Energy		5,569		_		_		5,569
Financial		9,571		_		_		9,571
Health care		7,626		_		_		7,626
Industrials		10,994		_		_		10,994
Information technology		12,181		_		_		12,181
Materials		4,340		_		_		4,340
Telecommunication services		1,616		_		_		1,616
Utilities		1,396		_		_		1,396
Other equities		1,069		_		_		1,069
International equities		7.846		_		_		7.846
Investment in real estate		_		_		2,110		2,110
Mutual funds		27.928		16,190		_		44,118
Accrued interest receivable and								
other		42		848		_		890
Assets limited as to use		224,994		114,489		2,110		341,593
Beneficial interest in remainder								
trust		886		_		20,227		21,113
Total assets	\$	225,880	\$	114,489	\$	22,337	\$	362,706
Liabilities								
Interest rate swaps	\$	_	\$	9,055	\$	_	\$	9,055
Total liabilities	\$		\$	9,055	\$		\$	9,055
	<u> </u>		<u> </u>		=		*	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at September 30, 2009

	Level 1	 Level 2	Level 3	Total
Assets				_
Cash and cash equivalents	\$ 21,195	\$ _	\$ _	\$ 21,195
Certificates of deposit	_	10,049	_	10,049
US treasury obligations	17,727	_	_	17,727
Government obligations	_	17,877	_	17,877
Corporate obligations	_	46,973	_	46,973
Corporate equities	59,856	_	_	59,856
International equities	6,385	_	_	6,385
Investment in real estate	_	903	_	903
Mutual funds	25,247	14,427	_	39,674
Accrued interest receivable and				
other	818	_	_	818
Assets limited as to use	131,228	90,229		221,457
Beneficial interest in remainder				
trust	655	19,883	_	20,538
Total assets	\$ 131,883	\$ 110,112	\$ 	\$ 241,995
Liabilities				
Interest rate swaps	\$ _	\$ 6,267	\$ _	\$ 6,267
Total liabilities	\$ 	\$ 6,267	\$ 	\$ 6,267

There were no significant transfers into or out of Level 1 or Level 2 that occurred between October 1, 2009 and September 30, 2011

Following is a description of MHS's valuation methodologies for assets and liabilities measured at fair value Fair value for Level 1 is based upon quoted market prices. The fair value of Level 2 securities was determined through evaluated bid prices provided by third-party pricing services where quoted market prices were not available. The fair values of the interest rate swap contracts are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved. The valuations reflect a credit spread adjustment to the LIBOR discount curve in order to reflect the credit value adjustment for nonperformance risk. The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Fair Value Measurements (continued)

The carrying values of cash and cash equivalents, accounts receivable, and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments

Due to the volatility of the stock market, there is a reasonable possibility of changes in fair value and additional gains and losses in the near term subsequent to September 30, 2011

The table below sets forth a summary of changes in the fair value of MHS's Level 3 assets for the period from October 1, 2009 to September 30, 2011

	Investments in Real Estate				
Financial assets					
Fair value at October 1, 2009	\$ -				
Transfers into Level 3	21,131*				
Additions	1,206				
Total as of September 30, 2010	22,337				
Additions	154				
Total as of September 30, 2011	\$ 22,491				

^{*}Note – Transfer from Level 2 to Level 3 because of a lack of observable market data due to a decrease in market activity for these holdings

	Years Ended September 30					
	2011 20			2010		
Unrealized gains related to financial instruments Change in unrealized losses related to financial	\$	8,396	\$	8,242		
instruments		154		_		

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

12. Liability Programs

MHS is involved in litigation arising in the ordinary course of business Claims alleging professional or general liability have been asserted against MHS and are currently in various stages of litigation MHS is self-insured for claims up to \$1,000 individually and \$6,000 in the aggregate and has commercial claims-made excess insurance coverage for \$25,000 per claim and \$25,000 in the aggregate Professional liability coverage is provided on a first dollar basis through insured programs for MPS and MHCCI

Accruals related to the estimated self-insurance liability and the corresponding charge to expense are actuarially determined for asserted and unasserted claims using historical claims experience and other relevant industry and hospital-specific factors and trends, discounted at an interest rate of 4 1% for 2011, 2010, and 2009. The general and professional liability was \$15,277, \$15,255, and \$13,554 at September 30, 2011, 2010, and 2009, respectively, including an estimate of the tail liability on the claims-made policy. Excess insurance receivables are \$4,046, \$4,377, and \$4,000 at September 30, 2011, 2010, and 2009, respectively. Amounts charged to supplies and other expenses in the consolidated statements of operations and changes in net assets are as follows.

	Years Ended September 30						
		2011		2010		2009	
Self-insurance	\$	1,559	\$	3,704	\$	1,760	
Insured		2,589		2,737		2,635	
Total	\$	4,148	\$	6,441	\$	4,395	

MHS maintains a revocable malpractice trust fund of \$12,527, \$10,260, and \$10,770 at September 30, 2011, 2010, and 2009, respectively

MHS also provides for workers' compensation through a self-insurance trust or through insured programs. The funding level for this trust and estimation of the related liability are actuarially determined. Amounts charged to expense for this coverage for the years ended September 30, 2011, 2010, and 2009, were \$2,735, \$2,947, and \$2,255, respectively, included in employee benefits in the consolidated statements of operations and changes in net assets. The workers' compensation liability was \$6,246, \$5,839, and \$5,027 at September 30, 2011, 2010, and 2009, respectively. The excess insurance receivable is \$631, \$534, and \$500 at September 30, 2011, 2010, and 2009, respectively.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans

In July 2011, the MHS Board of Directors approved to freeze the defined benefit pension plan and create a new defined contribution plan to commence in January 2012 No new participants will be permitted in the defined benefit plan beginning December 31, 2011 Employees hired after this date can elect to participate in the defined contribution plan

On December 31, 2008, MHS and MPS combined their defined benefit pension plans This plan covers substantially all of the employees of MHS and MPS, except those employed by ALMH, TMH, ALHF, TMHF, and MHCCI The benefits are based on years of service and the employee's compensation during the highest five consecutive years of the last ten years of employment Contributions are made to the plans to meet the target funding level established by management Contributions have exceeded the net pension cost each year Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future

MHS also has a supplemental retirement benefit plan covering Parent, MMC, and MPS physicians and executives whose annual compensation exceeds the Internal Revenue Service cap limits for pension plan contributions. The supplemental retirement plan is unfunded

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

The following table sets forth the benefit obligation and assets of MHS's defined benefit plans' funded status as recognized in MHS's consolidated balance sheets at September 30

	 2011	2010	2009
Change in benefit obligation	_		_
Benefit obligation – beginning of year	\$ 315,932	\$ 262,716	\$ 217,749
Service cost	11,202	8,858	8,896
Interest cost	18,107	16,347	18,648
Plan changes	633	(33)	_
Actuarial loss	20,715	35,270	26,456
Curtailments	(58,912)	_	_
Benefits paid	 (8,547)	 (7,226)	(9,033)
Benefit obligation – end of year	299,130	315,932	262,716
Change in plan assets			
Fair value of plan assets – beginning of			
year	212,310	187,324	195,807
Actual return (loss) on assets	(5,290)	12,712	(15,432)
Employer contribution	25,006	19,500	15,983
Benefits paid	(8,547)	(7,226)	(9,034)
Fair value of plan assets - end of year	223,479	212,310	187,324
Funded status	\$ (75,651)	\$ (103,622)	\$ (75,392)

Amounts recognized in unrestricted net assets consist of

	September 30						
	2011			2010	2009		
Unrecognized actuarial losses Unrecognized prior service cost	\$	103,005 (155)	\$	132,302 294	\$	104,481 352	
Accumulated adjustments to unrestricted net assets	\$	102,850	\$	132,596	\$	104,833	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

Changes in plan assets and benefit obligations recognized in unrestricted net assets include

	Years Ended September 30						
		2011		2010		2009	
Current actuarial losses	\$	44,003	\$	38,994	\$	62,958	
Prior service cost		633		(33)		_	
Settlement charges		_		_		(199)	
Amortization of losses		(14,387)		(11,173)		(3,463)	
Amortization of prior service cost		(9)		(25)		(682)	
Recognition due to curtailment		(1,074)		<u> </u>		_	
Effect of adopting pension standard		_		_		(1,035)	
Curtailment gains used to offset net loss		(58,912)		_		_	
	\$	(29,746)	\$	27,763	\$	57,579	

The prior service cost and actuarial loss included in unrestricted net assets expected to be recognized in net periodic pension cost during the fiscal year ending September 30, 2012, are (\$13) and \$10,441, respectively

Components of net periodic benefit cost are as follows

	Years Ended September 30						
	2011			2010		2009	
Service cost	\$	11,202	\$	8,858	\$	7,117	
Interest cost		18,107		16,347		14,919	
Expected return on plan assets		(17,997)		(16,437)		(16,814)	
Amortization of net loss and prior service							
cost		14,396		11,198		4,103	
Curtailment and settlement charges		1,074		_		198	
Net periodic benefit cost	\$	26,782	\$	19,966	\$	9,523	

No plan assets are expected to be returned to MHS during the fiscal year ended September 30, 2012

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

Amounts for plans with accumulated benefit obligations in excess of plan assets and plan assets in excess of accumulated benefit obligation are as follows

	September 30						
		2011		2010		2009	
Projected benefit obligation Accumulated benefit obligation Fair value of plan assets	\$	299,130 296,266 223,479	\$	315,932 257,643 212,310	\$	262,716 216,789 187,324	

Assumptions

Weighted average assumptions used to determine benefit obligations are as follows

	2011	2010	2009
Discount rate	5 55%	5 80%	6 30%
Rate of compensation increase	4 00%	4 00%	4 00%

The effects of the changes in actuarial assumptions from 2010 to 2011 decreased the projected benefit obligation and increased the accumulated benefit obligation by (\$40,858) and \$13,409, respectively, at September 30, 2011 The effects of the changes in actuarial assumptions from 2009 to 2010 increased the projected benefit obligation and accumulated benefit obligation by \$24,983 and \$18,819, respectively, at September 30, 2010 The effects of the changes in actuarial assumptions from 2008 to 2009 increased the projected benefit obligation and accumulated benefit obligation by \$22,697 and \$15,026, respectively, at September 30, 2009

Weighted average assumptions used to determine net periodic benefit costs are as follows

	2011	2010	2009	
Discount rate	5 80%	6 30%	7 00%	
Expected long-term return on plan assets	8 00%	8 50%	8 50%	
Rate of compensation increase	4 00%	4 00%	4 00%	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

The weighted average asset allocations at September 30, 2011, 2010, and 2009, by asset category are as follows

	Target Asset Allocation	2011	2010	2009
Equity securities	65 0%	55 5%	62 0%	68 0%
Debt securities	35 0	40 9	35 0	29 0
Cash and cash equivalents	_	3 6	3 0	3 0
Total	100 0%	100 0%	100 0%	100 0%

The fair value of plan assets measured at fair value was determined using the following inputs at September 30, 2011

	Level 1	 Level 2	 Level 3	Total		
Assets						
Cash and cash equivalents	\$ 8,120	\$ _	\$ _	\$	8,120	
U S treasury obligations	22,288	_	_		22,288	
Government obligations	_	32,658	_		32,658	
Corporate obligations	_	36,195	_		36,195	
Corporate equities						
Industrials	12,257	_	_		12,257	
Consumer discretionary	11,217	_	_		11,217	
Consumer staples	8,098	_	_		8,098	
Energy	6,843	_	_		6,843	
Financial	12,791	_	_		12,791	
Materials	2,365	_	_		2,365	
Information technology	10,096	_	_		10,096	
Utilities	1,674	_	_		1,674	
Health care	11,689	_	_		11,689	
Telecommunications	1,281	_	_		1,281	
Other equities	1,016	_	_		1,016	
International equities	3,691	_	_		3,691	
Mutual funds	40,528	_	_		40,528	
Accrued interest receivable						
and other	70	602	_		672	
Total assets	\$ 154,024	\$ 69,455	\$ _	\$	223,479	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

The fair value of Plan assets measured at fair value was determined using the following inputs at September 30, 2010

]	Level 1]	Level 2	 Level 3	Total		
Assets								
Cash and cash equivalents	\$	5,578	\$	_	\$ _	\$	5,578	
U S treasury obligations		15,800		_	_		15,800	
Government obligations		_		23,345	_		23,345	
Corporate obligations		_		35,122	_		35,122	
Corporate equities		62,971		911	_		63,882	
International equities		2,008		_	_		2,008	
Mutual funds		66,575		_	_		66,575	
Total assets	\$	152,932	\$	59,378	\$ 	\$	212,310	

At September 30, 2011 and 2010, fair value methodologies for Level 1 and Level 2 assets are consistent with the inputs described in Note 11 There are no Level 3 assets

Investment managers are employed to invest pension fund assets in a structured portfolio of equity and fixed income All manager performance is reviewed by management to monitor that market performance has been calculated accurately, to monitor performance among peers and benchmarking, and to evaluate portfolio structure considering current and future needs based on economic forecasts and actuarial projections MHS believes that a diversified portfolio will limit the degree of risk to the plans and stabilize the long-term results The plans' diversified blend of marketable securities also takes into consideration the cash flow requirements of the plans to provide for the monthly payout of benefits required

Projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of the category

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

Pension expense by affiliate is as follows

	Years	End	ed Septem	ber 3	0
	 2011		2010		2009
MMC	\$ 21,016	\$	15,811	\$	7,104
MPS	2,514		1,792		1,093
Parent	1,930		1,408		895
MHSvc	1,118		809		367
MHSCI	204		146		64
Net pension cost	\$ 26,782	\$	19,966	\$	9,523

During the year ending September 30, 2012, MHS plans to make contributions to the plans in the amount of \$6,000

The following benefit payments, which reflect expected future service, are expected to be paid

Fiscal 2012	\$ 8,554
Fiscal 2013	9,211
Fiscal 2014	9,928
Fiscal 2015	10,780
Fiscal 2016	11,818
Fiscal 2017 – 2021	76,839

ALMH has a defined contribution pension plan covering substantially all of its employees Annual contributions are determined based on each participating employee's salary, plus an allowance for past service costs, which is also computed on a defined contribution method based on the level of past employee compensation. Under the terms of the plan, the employer will pay a basic contribution of 20% of the gross wages of any employee who meets the plan's requirements. The employer supplemental contributions will equal 25% of the first \$25 of effective compensation plus 60% of the amount, if any, exceeding \$25 Contributions for past service prior to the amended date of January 1, 2003, will equal 30% of the participant's effective compensation between \$14 and \$25. The value of vested benefits cannot exceed the assets of the plan. The total pension expense was \$668, \$637, and \$581 for the years ended September 30, 2011, 2010, and 2009, respectively

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Pension Plans (continued)

MHCCI has a defined contribution pension plan covering all employees with over one year of service and meeting other criteria. The plan requires MHCCI to contribute 7.0% of the eligible participants' compensation. The total pension contributions and related insurance coverage were \$469, \$501, and \$493 for the years ended September 30, 2011, 2010, and 2009, respectively

TMH maintains a defined contribution retirement plan covering substantially all employees Benefits for each employee are determined by the accumulation of contributions made on the employee's behalf prior to retirement TMH contributions range from 15% to 50% of the employee's salary as specified income levels are achieved Benefit expense associated with this plan was \$403, \$307, and \$354 for the years ended September 30, 2011, 2010, and 2009, respectively

14. Post-Employment and Other Benefits

MHS provides an unfunded post-employment benefit plan to certain employees The cost (income) for this plan was \$303, (\$72), and (\$128) for the years ended September 30, 2011, 2010, and 2009, respectively As of September 30, 2011, 2010, and 2009, the accumulated post-employment benefit obligation was \$5,916, \$4,658, and \$2,513, respectively Discount rates ranged from 5 5% to 6 3% The MHS plan assumes medical plan trend rate of 8 0% in 2011, decreasing by 1% annually to 5% thereafter A one-percentage-point increase in the assumed medical plan trend rates would have increased the September 30, 2011, accumulated post-employment benefit obligation by \$1,055 A one-percentage-point decrease in the assumed medical plan trend rates would have decreased the September 30, 2011, accumulated post-employment benefit obligation by (\$847)

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic postretirement benefit cost

	Years Ended September 30										
		2011		2010	2009						
Unrecognized prior service cost Unrecognized actuarial losses	\$	(823) 3,220	\$	(1,170) 2,351	\$	(1,517) 454					
Accumulated adjustments to unrestricted net assets	\$	2,397	\$	1,181	\$	(1,063)					

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

14. Post-Employment and Other Benefits (continued)

Other post-employment and other benefit plans include continuation of medical benefits to employees on long-term disability, sick time at retirement, and the paid sick time program, which was \$5,171, \$4,943, and \$4,364 at September 30, 2011, 2010, and 2009, respectively

15. Operating Leases

Revenues

Rental revenues were \$6,536, \$6,427, and \$6,121 for the years ended September 30, 2011, 2010, and 2009, respectively, from unaffiliated entities MP owns medical office buildings and leases them to MPS under a master lease agreement. There are significant intercompany rental agreements. All intercompany rental activities are eliminated in the consolidated financial statements. As of September 30, 2011, the cost of the buildings held for lease was \$67,441, and the related accumulated depreciation was \$21,729.

Future minimum rental revenue (excluding intercompany rent) under non-cancelable operating leases as of September 30, 2011, which have initial or remaining terms in excess of one year, is as follows

Years ending September 30	
2012	\$ 6,335
2013	6,118
2014	4,984
2015	4,361
2016	4,378
Thereafter	67,541
Total minimum lease revenue	\$ 93,717

Expense

Rental expense was \$3,454, \$3,508, and \$3,037 for the years ended September 30, 2011, 2010, and 2009, respectively

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

15. Operating Leases (continued)

Future minimum rental payments under non-cancelable operating leases as of September 30, 2011, which have initial or remaining terms in excess of one year, are as follows

Years ending September 30	
2012	\$ 3,392
2013	2,706
2014	2,022
2015	1,308
2016	613
Thereafter	1,434
Total minimum lease payment	\$ 11,475

16. Functional Expenses

MHS provides general health care services to residents within its geographic location Expenses related to providing these services are as follows

	Years Ended September 30										
		2011		2010		2009					
Health care services General and administrative	\$	605,429 111,586	\$	579,159 97,603	\$	519,294 101,597					
Total	\$	717,015	\$	676,762	\$	620,891					

17. Commitments and Contingencies

Regulatory Compliance

The U S Department of Justice and other federal and state agencies are increasing resources dedicated to regulatory investigations and compliance audits of health care providers MHS is not exempt from these regulatory efforts and has received inquiries from federal and state agencies with regard to such initiatives. In consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on MHS's consolidated balance sheets or consolidated statements of operations and changes in net assets MHS has a formal corporate compliance function, which management believes will help monitor MHS's compliance with applicable laws and regulations

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

17. Commitments and Contingencies (continued)

Litigation

MHS is involved in litigation arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without material adverse effect on MHS's consolidated balance sheets or consolidated statements of operations and changes in net assets

18. Subsequent Events

MHS evaluated events and transactions occurring subsequent to September 30, 2011 through December 13, 2011, the date the consolidated financial statements were issued and noted no events requiring recording or disclosure

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CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2011

(dollars in thousands)

Assets	MHS	ММС	ELIMIN- ATIONS	OBLIGATED GROUP	ALMH		MHV	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	_ALHF_	ELIMIN- ATIONS	TOTAL
Current assets	• •••	40.500		40.050	4.0	0.000		0.545	0.400			4.070	700	400		74.040
Cash and cash equivalents	\$ 368 25 876	43 590 55 803	-	43 958 81 679	148 6 051	2 933 3 962	3 394	6 515 193	6 182 3 208	4 308	1 442 2 106	1 372	792 2 303	196 23	-	71 240
Short-term investments			-				-	193	3 208	-		-	2 303	23	-	99 525
Assets whose use is limited - current portion	220	13 176	-	13 396	1 147	492	-	-	-	-	1 426	-	-	-	-	16 461
Patient accounts receivable	_	103 811	_	103 811	6 366	6 276	1 126	4 501	409	5 746						128 235
Allowance for uncollectible accounts	-	(17 553)	-	(17 553)	(1 213)	(1 254)	(304)	(698)	(266)	(808)	-	-	-	-	-	(22 096)
Net patient accounts receivable		86 258		86 258	5 153	5 022	822	3 803	143	4 938						106 139
iver patient accounts receivable		00 230		80 238	3 133	3 022	022	3 003	143	4 930						100 139
Estimated receivables from third-party payors	_	9 680	_	9 680	1 747	211	_	_	_	_	_		_	_	_	11 638
Due from affiliates	536	569	(533)	572	36	15	38	18	4	46	9	_	_	_	(738)	-
Other	1 521	15 916	(000)	17 437	295	301	61	561	4 011	221	26	178	306	781	(478)	23 700
Inventories		8 970	_	8 970	439	643	-	424	-	612		-	-	-	-	11 088
Prepaid expenses	2 898	3 827	_	6 725	190	185	28	87	157	380	92	69	_	-	_	7 913
Total current assets	31 419	237 789	(533)	268 675	15 206	13 764	4 343	11 601	13 705	10 505	5 101	1 619	3 401	1 000	(1 216)	347 704
			(/												, ,	
Assets whose use is limited																
Board-designated funds	-	121 923	-	121 923	9 000	-	-	-	387	-	-	6 519	-	14 762	-	152 591
Self-insurance trusts	-	17 857	-	17 857	-	-	-	-	-	-	-	-	-	-	_	17 857
Bond trustee assets	-	1 614	-	1 614	-	-	-	-	-	-	-	-	-	-	-	1 614
Donor-restricted assets	-	851	-	851	-	-	-	-	-	-	-	7 707	136	-	-	8 694
Deferred compensation investments	9 442	2 553		11 995						7 069						19 064
Total assets whose use is limited	9 442	144 798		154 240	9 000				387	7 069		14 226	136	14 762		199 820
Property plant and equipment	152 522	355 787	-	508 309	61 311	47 350	561	9 832	11 679	3 691	34 581	147	-	342	-	677 803
Less accumulated depreciation	(59 940)	(197 529)		(257 469)	(8 095)	(18 712)	(491)	(6 946)	(6 955)	(3 070)	(13 391)	(142)		(342)		(315 613)
Net property plant and equipment	92 582	158 258	-	250 840	53 216	28 638	70	2 886	4 724	621	21 190	5	-	-	-	362 190
Other assets																
Investments in partnerships	-	14 724	-	14 724	-	-	6 281	642	47	11 003	-	-	-	-	(27 778)	4 919
Unamortized bond issuance costs	424	2 135	-	2 559	1 006	434	-	-	-	-	-	-	-	-	-	3 999
Beneficial interest in remainder trust	-	21 082	-	21 082	-	-	-	-	-	-	-	-	-	-	-	21 082
Other	4 970	4 251		9 221	103				143			907			(145)	10 229
Total other assets	5 394	42 192		47 586	1 109	434	6 281	642	190	11 003		907			(27 923)	40 229
Total assets	\$ 138 837	583 037	(533)	721 341	78 531	42 836	10 694	15 129	19 006	29 198	26 291	16 757	3 537	15 762	(29 139)	949 943
Liabilities and net assets																
Current liabilities																
Current installments of long-term debt obligations	\$ 1538	1 623	-	3 161	251	108	-	-	-		1 900	-		-	-	5 420
Accounts payable	3 814	26 179	-	29 993	915	485	128	1 339	397	1 970	74 5	17	1	50	192	35 561
Accrued payroll	2 224	18 396	-	20 620	1 032	1 658	-	1 047	771	1 191		-	-	-	-	26 324
Interest payable Due to affiliates	320 64	2 330 564	(533)	2 650 95	1 147 29	492 3	- 1	69	182	476	3	- 25	-	36	(916)	4 292
	04	27 331	(533)	27 331	29 765	413	1	69	102	4/6	-	25	-	36	(916)	28 509
Estimated third-party payor settlements Other	1 916	10 281	-	12 197	765 464	398	-	-	338	1 008	516	376	74	-	(637)	28 509 14 734
Total current liabilities	9 876	86 704	(533)	96 047	4 603	3 557	129	2 455	1 688	4 645	2 498	418	75	86	(1 361)	114 840
Total ourient habilities	90/0	55704	(333)	30 047	+ 003	5 551	125	2 400	1 000	7 040	2 430	410	13	00	(1301)	114 040
Long-term debt obligations – less current installments	32 768	114 222		146 990	42 582	18 248	_				13 170		_			220 990
Long to an act of granding 1000 outlett installing its	SZ 700	117 222	_	1-10-090	12 002	10 2 10	_	_	_	_	10 170	_		•	_	220 000
Other liabilities																
Deferred compensation and benefits	9 870	2 553	-	12 423	_		_	-	_	7 375	_		_		_	19 798
Self-insurance accrued expenses	369	18 195	_	18 564	_	_	_	294	-		-		_	_	_	18 858
Accrued employee benefits	2 219	4 875	-	7 094	_	-	_	157	-	3 836	-	-	_	-	-	11 087
Pension obligation	3 108	70 860	-	73 968	-	-	-	-	-	1 683	-	-	_	-	_	75 651
Other	4 456	7 449	_	11 905	-	446	_	_	-	_	-	90	_	_	_	12 441
Total other liabilities	20 022	103 932		123 954		446		451		12 894		90				137 835
Net assets																
Unrestricted	76 171	241 623	-	317 794	31 346	20 585	10 565	11 911	16 334	11 659	10 623	8 542	3 326	15 663	(13 154)	445 194
Temporarily restricted	-	36 556	-	36 556	-	-	-	229	984	-	-	2 851	136	13	(14 624)	26 145
Permanently restricted								83				4 856				4 939
Total net assets	76 171	278 179		354 350	31 346	20 585	10 565	12 223	17 318	11 659	10 623	16 249	3 462	15 676	(27 778)	476 278
Total liabilities and net assets	\$ 138 837	583 037	(533)	721 341	78 531	42 836	10 694	15 129	19 006	29 198	26 291	16 757	3 537	15 762	(29 139)	949 943

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2011

(dollars in thousands)

	MHS	MMC	ELIMIN- ATIONS	OBLIGATED GROUP	ALMH	тмн	MHV	MHSvc	мнссі	MPS	MP	MMCF	TMHF	ALHF	ELIMIN- ATIONS	TOTAL
Patient service revenues Inpatient revenues	\$ -	864 827	(38 385)	826 442	14 109	15 216	-	-			-	-	-	-	-	855 767
Outpatient revenues Total patient revenues		650 894 1 515 721	(38 385)	650 894 1 477 336	60 236 74 345	54 727 69 943	14 850 14 850	27 458 27 458	14 813 14 813	64 033 64 033						887 011 1 742 778
Less charity	-	51 248	-	51 248	3 052	2 659	29	442	33	92	-	-	-	-	-	57 555
Less contractual allowances		984 945	(38 385)	946 560	35 347	34 517	8 428	5 862	1 838	30 532	<u> </u>					1 063 084
Net patient service revenues	-	479 528	-	479 528	35 946	32 767	6 393	21 154	12 942	33 409	-	-	-	-	-	622 139
Hospital access improvement payments	-	20 802	-	20 802	2 643	2 278	-	=	-	-	-	-	-	-	-	25 723
Capitation revenues	-	64 688	-	64 688	-	-	-	-	-	-	-	-	-	-	-	64 688
Other revenues Management fees	37 674	-	(29 225)	8 449	14	-	-	-		-	-	-	-	-	(8 463)	-
Other Total other revenues	9 962 47 636	14 006 14 006	(31 962)	21 231 29 680	449 463	267 267	2 622 2 622	388 388	406 406	752 752	5 782 5 782				(16 845)	23 515 23 515
Total revenues	47 636	579 024	(31 962)	594 698	39 052	35 312	9 015	21 542	13 348	34 161	5 782	-	-	-	(16 845)	736 065
Expenses Salaries and wages Employee benefits Physician fees Utilities Pharmaceutical supplies Food Patient services supplies System management fee Supplies and other Hospital provider assessment Purchased medical services Depreciation and amortization Amortization of bond issuance expenses Provision for uncollectible accounts Interest expense and other financing costs Total expenses Income (loss) from operations	20 785 6 120 766 1 206 - 9 - 8 933 - 8 024 44 - 1 749 47 636	174 877 61 468 21 074 7 731 17 399 4 523 83 355 29 225 65 390 11 366 35 516 24 030 277 13 379 5 722 555 332	(29 225) (2737) - - - - - - - - (31 962)	195 662 67 588 21 840 8 937 17 399 4 532 83 355 71 586 11 366 35 516 32 054 321 13 379 7 471 571 006	13 239 3 967 1 559 771 1 047 327 1 782 1 535 6 188 463 - 3 366 134 1 547 1 531 3 7 436	11 985 3 913 2 550 906 975 379 1 415 1 509 4 514 392 - 2 275 58 2 165 738 33 774	4 977 567 36 27 82 4 89 499 1 251 - - 54 - 684 - 8 270	10 421 4 163 91 179 315 18 179 845 3 561 - - 1 011 503 - 21 286	7 718 1 920 196 343 79 96 - 283 1 759 - 438 2 9 12 852	11 013 4 014 15 424 172 1 811 9 1 072 3 687 6 826 - - 142 - 743 (10 752)	373 132 - 661 - 100 1 508 - 1 404 - 145 4 323				(8 458) (8 387) - - - - - - - - - - - - - - - - - - -	255 388 86 264 41 696 11 996 21 708 5 365 87 892 - 88 786 12 221 35 516 40 744 515 19 030 9 894 717 015
Nonoperating gains (losses) Interest and dividends Realized gains (losses) on investments net Unrealized gains (losses) on investments net Change in fair value of interest rate swap Contributions Equity in income of affiliate Provision for income taxes Other income (expense) Total nonoperating gains (losses) – net Excess (deficiency) of revenues over expenses % of total operating revenue	830 242 (1 905) (128) - - (187) (1 148) \$ (1 148) -2 4%	4 065 2 357 (12 702) 18 164 - 649 (5 449) 18 243 3 2%		4 895 2 599 (14 607) (110) 164 - - 462 (6 597) 17 095 2 9%	197 - (18) - (171) (1 516) - (1 508) - 0 3%	68 128 (193) - 40 - - - - 43 1 581 4 5%	27 - - - - - - - - - - - - - - - - - - -	130 - - (5) - (388) (1) (264) (8) 0 0%	133 3 70 - - - 1 207 703 5 3%	211 - (363) 1 1 468 - 1 1 507 (9 245) -27 1%	9 9 1 468 25 4%	109 104 (293) - 1 253 - (983) - 190 NA	35 62 (76) - 32 - (126) (73) (73) NA	323 (184) (560) - 783 - (688) (326)	(1 468) (1 468) (1 468) 8 7%	6 137 2 712 (16 040) (110) 2 096

MEMORIAL HEALTH SYSTEM AND SUBSIDIARIES CONSOLIDATING STATEMENT OF OPERATING AND CHANGES IN NET ASSETS (CONTINUED) YEAR ENDED SEPTEMBER 30, 2011 (dollars in thousands)

	MHS	ММС	ELIMIN- ATIONS	OBLIGATED GROUP	ALMH	TMH	MHV	MHSvc	MHCCI	MPS_	MP_	MMCF	TMHF	ALHF	ELIMIN- ATIONS	TOTAL
Unrestricted net assets																
Excess (deficiency) of revenues over expenses	\$ (1 148)	18 243	-	17 095	108	1 581	772	(8)	703	(9 245)	1 468	190	(73)	(326)	(1 468)	10 797
Change in minimum pension obligation	379	28 376	-	28 755	-	-	-	-	-	(81)	-	-	-	-	-	28 674
Change in fair value of interest rate swap	9	90	-	99	-	_	-	-	-	-	-	_	-	-	-	99
Net assets released from restrictions for property acquisitions	-	_	-	_	-	-	-	-	-	_	-	_	44	-	-	44
Other	-	1	-	1	-	1	-	-	-	_	-	(10)	1	-	-	(7)
Transfers to related organizations	(11 100)	(7 490)	7 552	(11 038)	-	-	-	-	-	(80)	-	-	-	-	11 118	-
Transfers from related organizations	7 552	_	(7 552)	-	_	_	-	450	_	10 650	-	18	_	_	(11 118)	-
Increase (decrease) in unrestricted assets	(4 308)	39 220		34 912	108	1 582	772	442	703	1 244	1 468	198	(28)	(326)	(1 468)	39 607
Temporarily restricted net assets																
Contributions	-	748	_	748	_	_	-	63	34	-	-	415	48	42	-	1 350
Net realized gains on investments	-	770	-	770	-	-	-	-	-	-	-	(52)	-	-	-	718
Net assets released from restrictions (non-operating)	-	(802)	-	(802)	-	-	-	-	-	-	-	-	-	(19)	-	(821)
Net assets released from restrictions (operating)	-	(658)	-	(658)	-	-	-	(53)	(5)	-	-	(260)	-	(45)	-	(1 021)
Net assets released from restrictions for property acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	(44)	-	-	(44)
Change in value of split-interest agreements	-	_	-	-	_	_	-	_	_	-	-	(10)	_	_	-	(10)
Gain (loss) on interest in net assets of foundation	-	223	-	223	-	-	-	-	-	-	-	-	-	-	(223)	-
Other	-	1	-	1	-	_	-	_	-	-	-	(85)	-	-	-	(84)
Increase (decrease) in temporarily restricted assets	-	282		282	-			10	29	-	-	8	4	(22)	(223)	88
Permanently restricted net assets - contributions												42_				42
Increase (decrease) in net assets	(4 308)	39 502	-	35 194	108	1 582	772	452	732	1 244	1 468	248	(24)	(348)	(1 691)	39 737
Net assets, beginning of year Net assets, end of year	\$ 80 479 \$ 76 171	238 677 278 179		319 156 354 350	31 238 31 346	19 003 20 585	9 793 10 565	11 771 12 223	16 586 17 318	10 415 11 659	9 155 10 623	16 001 16 249	3 486 3 462	16 024 15 676	(26 087) (27 778)	436 541 476 278

CONSOLIDATING STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2011

(dollars in thousands)

			OBLIGATED											Elimination/	
Cash flows from operating activities	MHS	MMC	GROUP	ALMH	тмн	MHV	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	ALHF	Rounding	TOTAL
Changes in net assets	\$ (4 308)	39 502	35 194	108	1 582	772	452	732	1 244	1 468	248	(24)	(348)	(1 691)	39 737
Adjustments to reconcile change in net assets to net cash provided															
by (used in) operating activities															
Change in unrealized (gains) losses on interest rate swaps	128	(18)	110	_	-	_	_	-	-	_	-	-	_	_	110
Restricted contributions and gains	-	(748)	(748)	-	-	-	(63)	(34)	-	-	(457)	(48)	(42)	-	(1 392)
Increase in beneficial interest in perpetual trust	-	(770)	(770)	-	-	-	-	-	-	-	-	-	-	-	(770)
Depreciation and amortization	8 024	24 030	32 054	3 366	2 275	54	1 011	438	142	1 404	2	-	-	-	40 746
Amortization of bond issuance costs	44	277	321	134	58	-	-	2	-	-	-	-	-	-	515
(Gain) loss on disposal of assets	377	635	1 012	74	14	-	-	(35)	-	2	-	-	-	-	1 067
Provision for uncollectible accounts	-	13 379	13 379	1 547	2 165	684	503	9	743	-	-	-	-	-	19 030
Change in pension obligation	(379)	(28 376)	(28 755)	-	-	-	-	-	81	-	-	-	-	-	(28 674)
Changes in assets and liabilities															
Accounts receivable	-	(25 839)	(25 839)	(2 770)	(3 226)	(875)	(1 361)	15	(2 125)	-	-	-	-	-	(36 181)
Inventory and other assets	(1 125)	(1 976)	(3 101)	(14)	149	33	(5)	(288)	232	(10)	(70)	348	196	25	(2 505)
Change in unrealized (gains) losses on investments	1 905	12 702	14 607	18	193	-	-	(70)	363	-	581	76	560	-	16 328
(Deposits) withdrawals in investments net	(453)	9 030	8 577	5 320	5 901	-	-	-	-	-	195	-	1 522	-	21 515
Other investment activity net	(1 014)	(7 367)	(8 381)	(99)	(134)	-	4	71	(411)	(78)	(563)	(110)	(2 346)	-	(12 047)
Estimated third-party payor settlements	-	(5 186)	(5 186)	(1 832)	(83)	-	-	-	-	-	-	-	-	-	(7 101)
Accounts payable and other current liabilities	566	(10 612)	(10 046)	(4 186)	(1 245)	23	450	613	(245)	(57)	54	74	-	153	(14 412)
Self-insurance and other long-term liabilities	36	2 964	3 000	-	-	-	21	-	685	-	(4)	-	-	-	3 702
Amount due to (from) affiliates	632	(1 087)	(455)	1	(7)	(77)	85	143	384	43	19	-	21	(157)	-
Equity in (income) loss of unconsolidated affiliates and foundation	-	(223)	(223)	-	-	-	-	-	-	-	-	-	-	223	-
Transfers to (from) related organizations	3 548	7 490	11 038_				(450)		(10 570)		(18)				
Net cash provided by (used in) operating activities	7 981	27 807	35 788	1 667	7 642	614	647	1 596	(9 477)	2 772	(13)	316	(437)	(1 447)	39 668
Cash flows from investing activities															
Acquisition of property and equipment	(6 489)	(42 547)	(49 036)	(20 089)	(11 323)	-	(1 095)	(207)	(66)	(515)	-	-	-	-	(82 331)
Proceeds on sale of property	7	31	38	-	25	-	-	59	-	-	-	-	-	-	122
Change in investment in partnerships	-	-	-	-	-	1 872	(77)	(23)	(1 376)	-	-	-	-	1 467	1 863
Net change in other assets	1 755	-	1 755	-	-	-	-	22	-	-	67	-	-	(20)	1 824
Net cash provided by (used in) investing activities	(4 727)	(42 516)	(47 243)	(20 089)	(11 298)	1 872	(1 172)	(149)	(1 442)	(515)	67	-	-	1 447	(78 522)
Cash flows from financing activities															
Restricted contributions and gains	_	748	748	-	-	-	63	34	_	_	457	48	42	-	1 392
Repayment of long-term obligations	(1 465)	(1 603)	(3 068)	(267)	(114)	-	-	(315)	-	(1 800)	-	-	-	-	(5 564)
Distributions from beneficial interest in remainder trust	-	802	802	-	-	-	-	-	-	-	-	-	-	-	802
Transfers (to) from related organizations	(3 548)	(7 490)	(11 038)	-	-	-	450	-	10 570	-	18	-	-	-	-
Net cash provided by (used in) financing activities	(5 013)	(7 543)	(12 556)	(267)	(114)		513	(281)	10 570	(1 800)	475	48	42	-	(3 370)
Net increase (decrease) in cash and cash equivalents	(1 759)	(22 252)	(24 011)	(18 689)	(3 770)	2 486	(12)	1 166	(349)	457	529	364	(395)	_	(42 224)
Cash and cash equivalents beginning of year	2 127	65 842	67 969	18 837	6 703	908	6 527	5 016	4 657	985	843	428	591	-	113 464
Cash and cash equivalents end of year	\$ 368	43 590	43 958	148	2 933	3 394	6 515	6 182	4 308	1 442	1 372	792	196		71 240
•															

CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2010 (dollars in thousands)

					(doll	ars in thousan	as)									
_			ELIMIN-	OBLIGATED											ELIMIN-	
Assets	MHS	MMC	ATIONS	GROUP	ALMH	TMH	MHV_	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	ALHF	ATIONS	TOTAL
Current assets																
Cash and cash equivalents	\$ 2 127	65 842	_	67 969	18 837	6 703	908	6 527	5 016	4 657	985	843	428	591	_	113 464
Short-term investments	25 626	55 860	_	81 486	4 973	4 021	-	197	3 186	-	2 102	-	2 269	2	_	98 236
Assets whose use is limited - current portion	597	31 480	_	32 077	16 464	6 393	_			_	1 352	_			_	56 286
Access to the control of the control	551	0.1.00		02 0		0 000										00 200
Patient accounts receivable	_	89 318	-	89 318	4 950	5 000	937	3 642	501	4 396	_	-	_	_	_	108 744
Allowance for uncollectible accounts	_	(15 520)	-	(15 520)	(1 020)	(1 039)	(306)	(697)	(334)	(840)	_	-	-	_	_	(19 756)
Net patient accounts receivable		73 798		73 798	3 930	3 961	631	2 945	167	3 556						88 988
·																
Estimated receivables from third-party payors	-	9 289	-	9 289	-	136	-	_	_	-	_	-	_	-	_	9 425
Due from affiliates	1 153	71	(1 105)	119	15	15	4	44	4	3	52	-	_	_	(256)	_
Other	1 452	13 405	-	14 857	373	499	103	419	3 653	222	16	130	658	977	(453)	21 454
Inventories	-	8 887	-	8 887	452	579	-	555	-	689	-	-	-	-	-	11 162
Prepaid expenses	1 842	3 964	-	5 806	188	200	19	92	227	534	92	40	-	-	-	7 198
Total current assets	32 797	262 596	(1 105)	294 288	45 232	22 507	1 665	10 779	12 253	9 661	4 599	1 013	3 355	1 570	(709)	406 213
Assets whose use is limited																
Board-designated funds	-	120 893	-	120 893	-	-	-	-	410	-	-	6 783	-	14 519	-	142 605
Self-insurance trusts	-	15 089	-	15 089	-	-	-	-	-	-	-	-	-	-	-	15 089
Bond trustee assets	-	1 624	-	1 624	-	-	-	-	-	-	-	-	-	-	-	1 624
Donor-restricted assets	-	760	-	760	-	-	-	-	-	-	-	7 656	132	-	-	8 548
Deferred compensation investments	9 747	2 437		12 184						7 021						19 205
Total assets whose use is limited	9 747	140 803	-	150 550	-	-	-	-	410	7 021	-	14 439	132	14 519	-	187 071
Property plant and equipment	146 889	337 420	-	484 309	62 147	39 588	558	9 211	11 598	3 757	34 154	185	-	342	-	645 849
Less accumulated depreciation	(52 388)	(197 013)		(249 401)	(25 580)	(19 959)	(434)	(6 409)	(6 619)	(3 060)	(12 073)	(171)		(342)		(324 048)
Net property plant and equipment	94 501	140 407	-	234 908	36 567	19 629	124	2 802	4 979	697	22 081	14	-	-	-	321 801
Other assets																
Investments in partnerships		14 501	-	14 501		-	8 153	565	24	9 627	-	-	-	-	(26 087)	6 783
Unamortized bond issuance costs	468	2 413	-	2 881	1 140	492	-	-	2	-	-	-	-	-	-	4 515
Beneficial interest in trust		21 113	-	21 113	-	-	-	-		-	-		-	-		21 113
Other	6 731	4 731		11 462					165			974			(165)	12 436
Total other assets	7 199	42 758	- 4 405)	49 957	1 140	492	8 153	565	191	9 627		974			(26 252)	44 847
Total assets	\$ <u>144 244</u>	586 564	(1 105)	729 703	82 939	42 628	9 942	14 146	17 833	27 006	26 680	16 440	3 487	16 089	(26 961)	959 932
Labelton and are access																
Liabilities and net assets Current liabilities																
	\$ 1 465	1 603		3 068	267	114			155		1 800					5 404
Current installments of long-term debt obligations Accounts payable	3 556	28 655	-	32 211	3 800	1 233	102	987	340	1 702	122	23	- 1	50	36	40 607
Accrued payroll and vacation	2 120	17 380	-	19 500	1 441	1 756	102	949	379	1 604	5	25		-	-	25 634
Interest payable	328	2 345	_	2 673	1 151	493		343	7	1 004	4				_	4 328
Due to affiliates	49	1 153	(1 105)	97	7	10	44	9	39	49		6	_	15	(276)	+ 020
Estimated third-party payor settlements		32 126	(1.00)	32 126	850	421		-	-		_	-	_	-	(2.0)	33 397
Other	1 704	19 418	-	21 122	928	796	3	_	167	1 108	524	316	_	_	(634)	24 330
Total current liabilities	9 222	102 680	(1 105)	110 797	8 444	4 823	149	1 945	1 087	4 463	2 455	345		65	(874)	133 700
Long-term debt obligations – less current installments	34 306	115 845	-	150 151	42 833	18 356	_		160	_	15 070	-	-	_	_	226 570
y y																
Other liabilities																
Deferred compensation and benefits	10 197	2 437	-	12 634	-	-	-		-	7 326	-	-	-	-	-	19 960
Self-insurance accrued expenses	301	16 494	-	16 795	-	-	-	291	-	-	-	-	-	-	-	17 086
Reserve for post-employment benefits	1 688	4 680	-	6 368	-	-	-	139	-	3 094	-	-	-	-	-	9 601
Pension liability	3 723	98 191	-	101 914	-	-	-	-	-	1 708	-	-	-	-	-	103 622
Other	4 328	7 560		11 888	424	446						94				12 852
Total other liabilities	20 237	129 362		149 599	424	446		430	-	12 128		94		-		163 121
Net assets																
Unrestricted	80 479	202 403	-	282 882	31 238	19 003	9 793	11 469	15 631	10 415	9 155	8 344	3 354	15 989	(11 686)	405 587
Temporanly restricted	-	36 274	-	36 274	-	-	-	219	955	-	-	2 843	132	35	(14 401)	26 057
Permanently restricted								83				4 814				4 897
Total net assets	80 479	238 677		319 156	31 238	19 003	9 793	11 771	16 586	10 415	9 155	16 001	3 486	16 024	(26 087)	436 541
Total liabilities and net assets	\$ 144 244	586 564	(1 105)	729 703	82 939	42 628	9 942	14 146	17 833	27 006	26 680	16 440	3 487	16 089	(26 961)	959 932

MEMORIAL HEALTH SYSTEM AND SUBSIDIARIES CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2010

(dollars in thousands)

	MHS	ммс	ELIMIN- ATIONS	OBLIGATED GROUP	ALMH	тмн	MHV	MHSvc	MHCCI	MPS	MP	MMCF	тмнғ	ALHF	ELIMIN- ATIONS	TOTAL
Patient service revenues Inpatient revenues	\$ -	829 202	(42 068)	787 134	12 974	14 701	-	-	-	-	-			-	-	814 809
Outpatient revenues Total patient revenues		618 065 1 447 267	(42 068)	618 065 1 405 199	55 260 68 234	48 715 63 416	11 688 11 688	25 642 25 642	15 317 15 317	59 555 59 555						834 242 1 649 051
Less charity	-	53 030	-	53 030	1 548	1 927	14	309	-	56	-	-	-	-	-	56 884
Less contractual allowances		910 371	(42 068)	868 303	33 948	32 437	6 457	5 392	1 725	27 398						975 660
Net patient service revenues	-	483 866	-	483 866	32 738	29 052	5 217	19 941	13 592	32 101	-	-	-	-	-	616 507
Hospital access improvement payments	-	19 969	-	19 969	1 855	1 592	-	-	-	-	-	-	-	-	-	23 416
Capitation revenues	-	57 410	-	57 410	-	-	-	-	-	-	-	-	-	-	-	57 410
Other revenues Management fees	34 894	-	(28 029)	6 865	14	_	_	_	-	-	_	-	-	-	(6 879)	-
Other Total other revenues	9 436 44 330	11 356 11 356	(30 643)	18 178 25 043	450 464	304	1 773 1 773	<u>564</u> 564	250 250	813 813	5 526 5 526			-	(8 087)	19 771 19 771
Total other revenues	44 330	11 330	(30 043)	23 043	404		1773			013					(14 300)	19771
Total revenues	44 330	572 601	(30 643)	586 288	35 057	30 948	6 990	20 505	13 842	32 914	5 526	-	-	-	(14 966)	717 104
Expenses																
Salaries and wages Employee benefits	18 157 4 768	168 025 56 009	-	186 182 60 777	12 073 3 859	11 033 3 739	4 429 476	10 118 3 947	7 775 1 913	10 254 3 708	346 123	-	-	-	-	242 210 78 542
Physician fees	612	19 142		19 754	1 485	2 447	37	72	266	14 990	123	-			_	39 051
Utilities	1 135	7 071	_	8 206	744	702	20	242	323	218	716	_	_	_	_	11 171
Pharmaceutical supplies	-	18 863	-	18 863	966	924	59	361	102	1 457	-	-	-	-	-	22 732
Food	11	4 357	-	4 368	311	360	3	13	107	7	-	-	-	-	-	5 169
Patient services supplies	-	82 031	-	82 031	1 591	1 344	83	109	-	1 017	-	-	-	-	-	86 175
System management fee		28 029	(28 029)		1 373	1 436	203	928	305	2 515	100	-	-	-	(6 860)	
Supplies and other	9 541	60 069 11 379	(2 614)	66 996 11 379	3 992	3 874 394	1 139	3 205	1 634	8 013	1 435	-	-	-	(8 106)	82 182 12 238
Hospital provider assessment Purchased medical services		29 380	-	29 380	465	394		-	-	-		-	-		-	12 238 29 380
Depreciation and amortization	8 205	23 864		32 069	1 259	1 175	111	1 014	409	170	1 161					37 368
Amortization of bond issuance expenses	45	225	_	270	101	43		-	1	-	-	-	_	_	_	415
Provision for uncollectible accounts	-	16 830	-	16 830	2 642	1 795	594	427	9	1 129	-	-	-	-	-	23 426
Interest expense	1 856	4 662		6 518					15		170_					6 703
Total expenses	44 330	529 936	(30 643)	543 623	30 861	29 266	7 154	20 436	12 859	43 478	4 051				(14 966)	676 762
Income (loss) from operations	-	42 665	-	42 665	4 196	1 682	(164)	69	983	(10 564)	1 475	-	-	-	=	40 342
Nonoperating gains (losses)																
Interest and dividends	764	3 564	-	4 328	208	60	8	123	131	161	24	95	34	240	-	5 412
Realized gains (losses) on investments net	(63)	(579) 8 4 53	-	(642) 10 320	5	4	-	-	(2) 37	750	-	(15) 491	1	(32)	-	(686)
Unrealized gains (losses) on investments net Change in fair value of interest rate swap	1 867 (1 326)	8 453 (1 462)	-	10 320 (2 788)	5	45	-	14	3/	752	-	491	46	675	-	12 385 (2 788)
Unrestricted contributions	(1 320)	135	-	135		22	_	_		-	-	2 333	47	684	-	3 221
Equity in income of affiliate	_	-	_	-	_		_	_	_	1 871	_	-		-	(1 871)	-
Provision for income taxes	-	-	-	-	-	-	_	(196)	-	-	-	-	-	-	-	(196)
Loss on extinguishment of debt	(174)	(387)	-	(561)	-	-	-	-	-	-	-	-	-	-	-	(561)
Other income (expense)	(1 045)	(4 745)		(5 790)		(2)				(889)		(858)	(75)	(647)		(8 261)
Total nonoperating gains (losses) – net	23	4 979		5 002	213	129	8_	(59)	166	1 895	24	2 046	53	920	(1 871)	8 526
Excess (deficiency) of revenues over expenses	\$ 23	47 644	_	47 667	4 409	1 811	(156)	10	1 149	(8 669)	1 499	2 046	53	920	(1 871)	48 868
% of total operating revenue	0 1%	8 3%	0.0%	8 1%	12 6%	5 9%	-2 2%	0 0%	8 3%	-26 3%	27 1%	NA	NA.	NA	12 5%	6 8%
75 57 Cottal operating revenue	5 1/0	0 0 76	0 0 76	0 / /6	12 070	0 0 78	22/0	00%	0 0 /0	20070	2, ,,0	140	74/3	74/3	12070	0 0 /0

MEMORIAL HEALTH SYSTEM AND SUBSIDIARIES CONSOLIDATING STATEMENT OF OPERATING AND CHANGES IN NET ASSETS (CONTINUED) YEAR ENDED SEPTEMBER 30, 2010 (dollars in thousands)

			ELIMIN-	OBLIGATED											ELIMIN-	
	MHS_	MMC	ATIONS	GROUP	ALMH	TMH	MHV	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	ALHF	ATIONS	TOTAL
Unrestricted net assets																
Excess (deficiency) of revenues over expenses	\$ 23	47 644	-	47 667	4 4 0 9	1 81 1	(156)	10	1 149	(8 669)	1 499	2 046	53	920	(1 871)	48 868
Change in minimum pension liability	(1 874)	(26 269)	-	(28 143)	-	-	-	_	-	(1 845)	-	-	-	-	-	(29 988)
Change in fair value of interest rate swap	9	90	-	99	-	-	-	_	-	-	-	-	-	-	-	99
Net assets released from restrictions for property acquisitions	-	1 115	-	1 115	-	-	-	-	-	-	-	-	27	-	-	1 142
Other	(1)	-	-	(1)	(1)	(1)	-	1	-	4	-	65	-	-	-	67
Transfers to related organizations	(12 422)	(24 339)	23 357	(13 404)	-	-	(53)	-	-	-		-	-	-	13 457	-
Transfers from related organizations	23 357	_	(23 357)	-	-	-	500	1 4 0 0	-	10 150	372	1 035	-	-	(13 457)	-
Increase (decrease) in unrestricted assets	9 092	(1 759)	-	7 333	4 408	1 810	291	1 411	1 149	(360)	1 871	3 146	80	920	(1 871)	20 188
Temporarily restricted net assets																
Contributions	_	2 369	-	2 369	-	-	-	83	-	-	-	297	29	23	-	2 801
Net realized gains on investments	-	1 173	-	1 173	-	-	-	-	-	-	-	527	5	-	-	1 705
Net assets released from restrictions (non-operating)	-	(2 861)	-	(2 861)	-	-	-	(75)	-	-	-	(297)	(27)	(30)	-	(3 290)
Change in value of split-interest agreements	-	-	-	-	-	-	-	-	-	-	-	(100)	-	-	-	(100)
Gain (loss) on interest in net assets of foundation	-	3 162	-	3 162	-	-	-	-	-	-	-	-	-	-	(3 162)	-
Other												(101)				(101)
Increase (decrease) in temporarily restricted assets	-	3 843	-	3 843	-	-	-	8	-	-	-	326	7	(7)	(3 162)	1 015
Permanently restricted net assets - contributions												41				41
Increase (decrease) in net assets	9 092	2 084	-	11 176	4 4 0 8	1 810	291	1 419	1 149	(360)	1 871	3 513	87	913	(5 033)	21 244
Net assets, beginning of year Net assets, end of year	\$ 71 387 80 479	236 593 238 677		307 980 319 156	26 830 31 238	17 193 19 003	9 502 9 793	10 352 11 771	15 437 16 586	10 775 10 415	7 284 9 155	12 488 16 001	3 399 3 486	15 111 16 024	(21 054) (26 087)	415 297 436 541

CONSOLIDATING STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2010

(dollars in thousands)

			OBLIGATED											Elimination/	
Cash flows from operating activities	MHS	MMC	GROUP	ALMH	тмн	MHV	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	ALHF	Rounding	TOTAL
Changes in net assets	\$ 9 092	2 084	11 176	4 408	1 810	291	1 419	1 149	(360)	1 871	3 513	87	913	(5 033)	21 244
Adjustments to reconcile change in net assets to net cash provided															
by (used in) operating activities															
Loss on extinguishment of debt	174	387	561	-	-	-	-	-	-	-	-	-	-	-	561
Change in unrealized (gains) losses on interest rate swaps	1 326	1 462	2 788	-	-	-	-	-	-	-	-	-	-	-	2 788
Restricted contributions and gains	-	(1 196)	(1 196)	-	-	-	(83)	-	-	-	(339)	(29)	(23)	-	(1 670)
Increase in beneficial interest in perpetual trust	-	(1 173)	(1 173)	-	-	-	-	-	-	-	-	-	-	-	(1 173)
Depreciation and amortization	8 205	23 864	32 069	1 259	1 175	111	1 014	409	170	1 161	3	-	85	-	37 456
Amortization of bond issuance costs	45	225	270	101	43	-	-	1	-	-	-	-	-	-	415
(Gain) loss on disposal of assets	195	516	711	-	60	-	-	42	-	-	-	-	-	-	813
Provision for uncollectible accounts	-	16 830	16 830	2 642	1 795	594	427	9	1 129	-	-	-	-	-	23 426
Change in pension liability	1 874	26 269	28 143	-	-	-	-	-	1 845	-	-	-	-	-	29 988
Changes in assets and liabilities															
Accounts receivable	-	(34 382)	(34 382)	(2 567)	(2 150)	(661)	(627)	(26)	(371)	-	-	-	-	-	(40 784)
Inventory and other current assets	(494)	(10 559)	(11 053)	(127)	(362)	(45)	(68)	(645)	(320)	16	26	358	(41)	5	(12 256)
Investments classified as trading	(8 049)	(80 773)	(88 822)	(16 907)	(6 560)	-	(17)	(1 640)	(1 113)	(1 116)	(3 071)	(134)	(1 048)	-	(120 428)
Estimated third-party payor settlements	-	4 908	4 908	61	(145)	-	-	-	-	-	-	-	-	-	4 824
Accounts payable and other current liabilities	(349)	15 296	14 947	2 265	2 161	36	96	75	955	100	(90)	-	(10)	(154)	20 381
Self-insurance and other long-term liabilities	220	2 569	2 789	-	-	-	(45)	-	1 174	-	40	-	-	-	3 958
Amount due to (from) affiliates	(2 101)	885	(1 216)	1	(3)	92	(45)	(78)	1 130	(51)	(10)	-	12	168	-
Equity in (income) loss of unconsolidated affiliates and foundation	-	(3 162)	(3 162)	-	-	-	-	-	-	-	-	-	-	3 162	-
Transfers to (from) related organizations	(10 935)	24 339	13 404			(447)	(1 400)		(10 150)	(372)	(1 035)				
Net cash provided by (used in) operating activities	(797)	(11 611)	(12 408)	(8 864)	(2 176)	(29)	671	(704)	(5 911)	1 609	(963)	282	(112)	(1 852)	(30 457)
Cash flows from investing activities															
Acquisition of property and equipment	(8 711)	(33 963)	(42 674)	(25 393)	(11 054)	(18)	(880)	(241)	(165)	(805)	(9)	-	-	-	(81 239)
Proceeds on sale of property	-	39	39	-	-	-	-	-	-	-	-	-	-	-	39
Change in investment in partnerships	-	-	-	-	-	118	(9)	12	(1 908)	-	-	-	-	1 873	86
Net change in other assets	197	(5)	192		32			21			124			(21)	348
Net cash provided by (used in) investing activities	(8 514)	(33 929)	(42 443)	(25 393)	(11 022)	100	(889)	(208)	(2 073)	(805)	115	-	-	1 852	(80 766)
Cash flows from financing activities															
Restricted contributions and gains	-	1 196	1 196	-	-	-	83	-	-	-	339	29	23	-	1 670
Repayment of long-term obligations	(11 477)	(22 169)	(33 646)	_	_	_	-	(55)	-	(1 700)	-	-	-	-	(35 401)
Issuance of long-term obligations	8 265	80 165	88 430	43 100	18 470	-	-	-	-	-	-	-	-	-	150 000
Payment of bond issuance cost and discount	(201)	(2 456)	(2 657)	(1 241)	(535)	-	-	-	-	-	-	-	-	-	(4 433)
Distributions	-	597	597	-	-	-	-	-	-	-	-	-	-	-	597
Transfers (to) from related organizations	10 935	(24 339)	(13 404)			447	1 400		10 150	372	1 035				
Net cash provided by (used in) financing activities	7 522	32 994	40 516	41 859	17 935	447	1 483	(55)	10 150	(1 328)	1 374	29	23	-	112 433
Net increase (decrease) in cash and cash equivalents	(1 789)	(12 546)	(14 335)	7 602	4 737	518	1 265	(967)	2 166	(524)	526	311	(89)	-	1 210
Cash and cash equivalents beginning of year	3 9 1 6	78 388	82 304	11 235_	1 966	390_	5 262	5 983	2 491	1 509	317_	117_	680		112 254
Cash and cash equivalents end of year	\$ 2 127	65 842	67 969	18 837	6 703	908	6 527	5 016	4 657	985	843	428	591		113 464
·															

CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2009

(Dollars in Thousands)

			FI IMIN-	OBLIGATED	,		,								ELIMIN-	
	MHS	MMC	ATIONS	GROUP	ALMH	ТМН	MHV	MHSvc	мнссі	MPS	MP	MMCF	TMHF	ALHF	ATIONS	TOTAL
Assets																
Current assets Cash and cash equivalents \$	3,916	78,388		82,304	11,235	1,966	390	5,262	5,983	2,491	1,509	317	117	680		112,254
Cash and cash equivalents \$ Short-term investments	18,415	39,249	-	57,664	4,530	3,854	390	180	1,558	2,491	1,059	508	2,164	- 000	-	71,517
Assets whose use is limited – current portion	-	3,925	-	3,925	-	-	-	-	-	-	1,279	-	-,	-	-	5,204
Patient accounts receivable	-	68,472 (12,226)	-	68,472 (12,226)	4,903 (898)	4,486 (880)	707 (143)	3,511 (766)	483 (333)	4,966 (652)	-	-	-	-	-	87,528
Allowance for uncollectible accounts Net patient accounts receivable		56,246	-	56,246	4,005	3,606	564	2,745	150	4,314	-		-			<u>(15,898)</u> 71,630
rect patient decounts receivable		00,240		00,240	4,000	0,000	004	2,140	100	4,014						7 1,000
Estimated receivables from third-party payors	-	6,121	-	6,121	-	171	-	-	-	-	-	-	-	-	-	6,292
Due from affiliates Other	3	834	(768)	69	29 190	29 191	61	5 479	3	1,087 81	7 61	450	-	-	(1,290)	-
Inventories	1,206	4,519 8.803		5,725 8.803	409	495	65	479 435	3,036	528	61	156	994	936	(448)	11,466 10,670
Prepaid expenses	1,594	2,606	-	4,200	287	230	12	84	199	516	63	40	-	-	-	5,631
Total current assets	25,134	200,691	(768)	225,057	20,685	10,542	1,092	9,190	10,929	9,017	3,978	1,021	3,275	1,616	(1,738)	294,664
Assets whose use is limited Board-designated funds		84.548		84.548					398			3,571		13,473		101.990
Self-insurance trusts	_	15,374	-	15,374	_	_	-	-	-	-	-		-	-	-	15,374
Bond trustee assets	-	1,659	-	1,659	-	-	-	-	-	-	-	-	-	-	-	1,659
Donor-restricted assets		655	-	655	-	-	-	-	-		-	7,289	125	-	-	8,069
Deferred compensation investments	9,776	1,960		11,736 113,972					398	5,908 5,908		10,860	125	13,473		<u>17,644</u> 144,736
Total assets whose use is limited	9,776	104, 196	-	113,972	-	-	-	-	390	5,906	-	10,000	125	13,473	-	144,730
Property, plant, and equipment	143,201	326,826	-	470,027	36,857	30,115	540	9,105	11,429	3,652	33,376	176	-	342	-	595,619
Less accumulated depreciation	(49,011)	(195,963)		(244,974)	(24,424)	(20,305)	(323)	(6,170)	(6,240)	(2,950)	(10,939)	(168)		(257)		(316,750)
Net property, plant, and equipment	94,190	130,863	-	225,053	12,433	9,810	217	2,935	5,189	702	22,437	8	-	85	-	278,869
Other assets																
Investments in partnerships	-	11,339	_	11,339	_	-	8,271	556	36	7,719	-	_	-	_	(21,054)	6,867
Unamortized bond issuance costs	463	565	-	1,028	-	-	-	-	3	-	-	-	-	-	-	1,031
Beneficial interest in trust	-	20,538	-	20,538	-	-	-	-	-	-	-	-	-	-	- (400)	20,538
Other Total other assets	6,681 7,144	4,500 36,942		<u>11,181</u> 44,086		32	8,271	556	<u>186</u> 225	7,719		1,098	<u>-</u>		(186)	<u>12,311</u> 40,747
Total assets \$		472,692	(768)	608,168	33,118	20,384	9,580	12,681	16,741	23,346	26,415	12,987	3,400	15,174	(22,978)	759,016
Liabilities and net assets																
Current liabilities Current installments of long-term debt obl \$	1,826	2,619	_	4,445	_	_	_	_	55	_	1,700	_	_	_	_	6,200
Accounts payable	4,797	31,920	_	36,717	3,883	472	64	980	269	859	44	51	1	60	206	43,606
Accrued payroll and vacation	1,713	15,888	-	17,601	1,172	1,645	-	859	355	1,412	4	-	-	-	-	23,048
Interest payable	387	778	(700)	1,165	-	-	-	- 40	3	-	8	- 47	-	-	- (4, 400)	1,176
Due to affiliates Estimated third-party payor settlements	1,000	1,031 24.050	(768)	1,263 24.050	20 789	27 601	9	16	116	3	6	17	-	3	(1,480)	25,440
Other	1,160	3,918	-	5,078	-	-	5	-	191	1,188	499	376	-	_	(650)	6,687
Total current liabilities	10,883	80,204	(768)	90,319	5,864	2,745	78	1,855	989	3,462	2,261	444	1	63	(1,924)	106,157
Long-term debt obligations – less current installment	e: 37,157	56,833	-	93,990	-	-	-	-	315	-	16,870	-	-	-	-	111,175
Other liabilities																
Deferred compensation and benefits	10,156	1,960	-	12,116	_	-	-	-	-	6,360	-	-	-	-	_	18,476
Self-insurance accrued expenses	266	14,968	-	15,234	-	-	-	351	-	-	-	-	-	-	-	15,585
Reserve for post-employment and other benefits		4,133	-	5,257	-	-	-	123	-	1,497	-	-	-	-	-	6,877
Pension liability Other	2,269 3.002	71,873 6.128	-	74,142 9.130	424	- 446	-	-	-	1,252	-	- 55	-	-	-	75,394 10,055
Total other liabilities	16,817	99,062		115,879	424	446		474		9,109		55				126,387
Net assets	71,387	204,162		275,549	26,830	17,193	9,502	10.058	14,482	10,775	7,284	5,198	3,274	15,069	(9,815)	385,399
Unrestricted Temporarily restricted	11,307	32,431	-	275,549 32,431	20,030	17,183	9,002	211	955	10,773	7,204	2,517	3,274 125	15,069	(9,615)	25,042
Permanently restricted	-	,	-		-	-	_	83	-	-	-	4,773	-	-	-	4,856
Total net assets	71,387	236,593		307,980	26,830	17,193	9,502	10,352	15,437	10,775	7,284	12,488	3,399	15,111	(21,054)	415,297
Total liabilities and net assets \$	136,244	472,692	(768)	608,168	33,118	20,384	9,580	12,681	16,741	23,346	26,415	12,987	3,400	15,174	(22,978)	759,016

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2009

(Dollars in Thousands)

	MHS	MMC	ELIMIN- ATIONS	OBLIGATED GROUP	_ALMH_	тмн	_MHV_	_MHSvc_	MHCCI	MPS	MP_	MMCF_	_TMHF_	ALHF	ELIMIN- ATIONS	_TOTAL_
Patient service revenues Inpatient revenues	\$ -	763,789	(41,581)	722,208	15,016	15,527	-	-	-	-	-	-	-	-	-	752,751
Outpatient revenues Total patient revenues		535,735 1,299,524	(41,581)	535,735 1,257,943	52,671 67,687	45,493 61,020	<u>5,830</u> 5,830	24,162 24,162	15,471 15,471	54,451 54,451						733,813 #######
Less charity	-	47,204	-	47,204	1,167	1,683	-	393	-	18	-	-	-	-	-	50,465
Less contractual allowances		816,236	(41,581)	774,655	34,502	31,352	3,168	4,681	1,515_	24,807						874,680
Net patient service revenues	-	436,084	-	436,084	32,018	27,985	2,662	19,088	13,956	29,626	-	-	-	-	-	561,419
Hospital access improvement payments	-	24,961	-	24,961	2,319	1,990	-	-	-	-	-	-	-	-	-	29,270
Capitation revenues	-	53,222	-	53,222	-	-	-	-	-	-	-	-	-	-	-	53,222
Other revenues																
Management fees	27,970	-	(21,976)	5,994	13	-	-	-	-	-	-	-	-	-	(6,007)	-
Other	8,945	10,596	(2,379)	17,162	553	331	1,936	585	320	653	5,527				(7,984)	19,083
Total other revenues	36,915	10,596	(24,355)	23,156	566	331	1,936	585	320	653	5,527				(13,991)	19,083
Total revenues	36,915	524,863	(24,355)	537,423	34,903	30,306	4,598	19,673	14,276	30,279	5,527	-	-	-	(13,991)	662,994
Expenses																
Salaries and wages	15,904	163,495	-	179,399	11,668	10,829	2,384	9,675	7,953	8,746	331	-	-	-	-	230,985
Employee benefits	4,537	47,150	-	51,687	3,713	3,664	265	3,088	1,932	2,968	97	-	-	-	-	67,414
Physician fees	116	13,799	-	13,915	1,472	2,122	19	61	299	12,821	-	-	-	-	-	30,709
Utilities	953	7,564	-	8,517	849	788	19	258	355	164	680	-	-	-	-	11,630
Pharmaceutical supplies	-	16,662	-	16,662	1,046	802	32	387	87	1,553	-	-	-	-	-	20,569
Food	11	4,326	-	4,337	317	354 1,468	3 55	11 132	123	6 888	-	-	-	-	-	5,151
Patient services supplies System management fee	-	75,836 21,976	(21,976)	75,836	1,590 1,318	1,468	55 85	782	280	2,147	100	-	-	-	(5,980)	79,969
Supplies and other	6,698	55,959	(2,379)	60,278	4,089	4,067	736	3,319	1,911	5,721	1,363	-	-		(8,011)	73,473
Hospital provider assessment	0,030	14,176	(2,575)	14,176	582	493	-	5,518	1,011	5,721	1,505	-	-	-	(0,011)	15,251
Purchased medical services	_	28,315	_	28,315	-	-	_	_	_	_	_	_	_	_	_	28,315
Depreciation and amortization	6,953	20,807	-	27,760	1,252	1,004	91	1,038	438	238	1,168	-	-	-	-	32,989
Amortization of bond issuance expenses	53	85	-	138	-	-	-	-	1	-	-	-	-	-	-	139
Provision for uncollectible accounts	-	13,567	-	13,567	2,761	1,612	143	498	16	813	-	-	-	-	-	19,410
Interest expense	1,690	2,617		4,307					21_		559					4,887
Total expenses	36,915	486,334	(24,355)	498,894	30,657	28,471	3,832	19,249	13,416_	36,065	4,298				(13,991)	620,891
Income (loss) from operations	-	38,529	-	38,529	4,246	1,835	766	424	860	(5,786)	1,229	-	-	-	-	42,103
Nonoperating gains (losses)																
Interest and dividends	949	4,212	-	5,161	451	70	7	117	149	170	51	115	32	282	-	6,605
Realized gains (losses) on investments, net	(1,244)	(11,468)	-	(12,712)	-	(63)	-	-	(5)	95	-	(422)	(95)	(32)	-	(13,234)
Unrealized gains (losses) on investments, net	1,074	10,768	-	11,842	-	92	-	5	(53)	-	-	435	161	194	-	12,676
Change in fair value of interest rate swap	(1,598)	(1,568)	-	(3,166)	-	-	-	-	-	-	-	-	-	-	-	(3,166)
Unrestricted contributions	-	7	-	7	9	231	-	-	-	-	-	917	2,254	1,305	-	4,723
Equity in income of affiliate	-	-	-	-	-	-	-	-	-	2,081	-	-	-	-	(2,081)	-
Other (expense) revenue	(275)	486		211		(18)		(284)		(230)		(1,017)	(381)	(531)		(2,250)
Total nonoperating gains (losses) – net	(1,094)	2,437		1,343	460	312	7	(162)	91	2,116	51	28	1,971	1,218	(2,081)	5,354
Excess (deficiency) of revenues over expenses	\$ (1,094)	40,966	-	39,872	4,706	2,147	773	262	951	(3,670)	1,280	28	1,971	1,218	(2,081)	47,457
% of total operating revenue	-3 0%	7 8%	0 0%	7 4%	13 5%	7 1%	16 8%	1 3%	6 7%	-12 1%	23 2%	NA	NA	NA	14 9%	7 2%

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2009

(Dollars in Thousands)

		мнѕ	MMC	ELIMIN- ATIONS	OBLIGATED GROUP	ALMH	тмн	MHV	MHSvc	MHCCI	MPS	MP	MMCF	TMHF	ALHF	ELIMIN- ATIONS	TOTAL
Unrestricted net assets	_																
Excess (deficiency) of revenues over expenses	\$	(1 094)	40 966	-	39 872	4 706	2 147	773	262	951	(3 670)	1 280	28	1 971	1 218	(2 081)	47 457
Change in minimum pension liability		228	(57 956)	-	(57 728)	-	-	-	-	-	(634)	-	-	-	_	-	(58 362)
Additional pension obligations due to a new accounting standard		-	(2 229)	-	(2 229)	-	-	-	-	-	-	-	-	-	-	-	(2 229)
Amortization of ineffective portion of swaps		9	90	-	99	-	-	-	-	-	-	-	-	-	-	-	99
Net assets released from restrictions for property acquisitions		-	503	-	503	-	-	-	-	-	-	-	-	35	-	-	538
Other		(1)	1	-	-	-	-	-	-	-	(1)	-	3	(1)	-	-	1
Transfers to from related organizations		7 590	(18 095)	-	(10 505)	-	-	250	1 800	-	7 632	801	22	-	-	-	-
(Decrease) increase in unrestricted assets	_	6 732	(36 720)	-	(29 988)	4 706	2 147	1 023	2 062	951	3 327	2 081	53	2 005	1 218	(2 081)	(12 496)
Temporanly restricted net assets																	
Contributions		-	2 004	-	2 004	-	-	-	148	-	-	-	414	27	25	-	2 618
Net realized gains on investments		-	8 814	-	8 814	-	-	-	-	-	-	-	188	2	1	-	9 005
Net assets released from restrictions		-	(2 560)	-	(2 560)	-	-	-	(168)	-	-	-	(451)	(35)	(93)	-	(3 307)
Change in value of split-interest agreements		-	-	-	-	-	-	-	-	-	-	-	(52)	-	-	-	(52)
Gain (loss) on interest in net assets of foundation		-	130	-	130	-	-	-	-	-	-	-	-	-	_	(130)	-
Other	_		(1)		(1)				132				(18)				113_
Increase (decrease) in temporanily restricted assets		-	8 387	-	8 387	-	-	-	112	-	-	-	81	(6)	(67)	(130)	8 377
Permanently restricted net assets – contributions	_								(132)				11_				(121)
(Decrease) increase in net assets		6 732	(28 333)	-	(21 601)	4 706	2 147	1 023	2 042	951	3 327	2 081	145	1 999	1 151	(2 211)	(4 240)
Net assets beginning of year	_	64 655	264 926		329 581	22 124	15 046	8 479	8 310	14 486	7 448	5 203	12 343	1 400	13 960	(18 843)	419 537
Net assets end of year	\$ _	71 387	236 593		307 980	26 830	17 193	9 502	10 352	15 437	10 775	7 284	12 488	3 399	15 111	(21 054)	415 297

MEMORIAL HEALTH SYSTEM AND SUBSIDIARIES CONSOLIDATING STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2009

(Dollars in Thousands)

OBLIGATED Elimination/

	MHS	ммс	GROUP	ALMH	ТМН	MHV	MHSvc	мнссі	MPS	MP	MMCF	TMHF	ALHF	Rounding	TOTAL
Cash flows from operating activities															
Changes in net assets	\$ 6,732	(28,333)	(21,601)	4,706	2,147	1,023	2,042	951	3,327	2,081	145	1,999	1,151	(2,211)	(4,240)
Adjustments to reconcile change in net assets to net cash i	provided														
by operating activities															
Change in fair value of interest rate swaps	1,598	1,568	3,166	-	-	-	-	-	-	-	-	-	-	-	3,166
Restricted contributions and gains	-	(2,004)	(2,004)	-	-	-	(16)	-	-	-	(446)	(27)	(25)	-	(2,518)
Increase in beneficial interest in perpetual trust	-	(8,814)	(8,814)	-	-	-	-	-	-	-	-	-	-	-	(8,814)
Depreciation and amortization	6,953	20,807	27,760	1,252	1,004	91	1,038	438	238	1,168	2	-	86	-	33,077
Amortization of bond issuance costs	53	85	138	-	-	-	-	1	-	-	-	-	-	-	139
Loss (gain) on disposal of assets	(36)	302	266	-	(8)	-	-	-	-	-	-	-	-	-	258
Provision for uncollectible accounts	-	13,567	13,567	2,761	1,612	143	498	16	813	-	-	-	-	-	19,410
Change in pension obligation	(228)	57,956	57,728	-	-	-	-	-	634	-	-	-	-	-	58,362
Additional pension obligations due to a new accounting	sta -	2,229	2,229	-	-	-	-	-	-	-	-	-	-	-	2,229
Changes in assets and liabilities															
Accounts receivable	-	(13,382)	(13,382)	(2,967)	(720)	(707)	(640)	(90)	(2,597)	-	-	-	-	-	(21,103)
Inventory and other current assets	(419)	1,683	1,264	(204)	7	(72)	(39)	(2,243)	(250)	(14)	29	(994)	(761)	18	(3,259)
Investments classified as trading	(14)	(4,528)	(4,542)	6,734	(137)	-	13	(191)	(1,199)	(1,131)	(898)	(994)	(99)	-	(2,444)
Estimated third-party payor settlements	-	(443)	(443)	(183)	(1,150)	-	-	-	-		-	-	-	-	(1,776)
Accounts payable and other current liabilities	1,542	9,799	11,341	2,813	202	67	274	(108)	521	12	159	2	38	588	15,909
Self-insurance and other long-term liabilities	(595)	(7,029)	(7,624)	-	-	-	(69)	-	1,927	-	25	-	-	-	(5,741)
Amount due to (from) affiliates	1,749	(493)	1,256	-	(74)	(70)	(123)	447	(602)	(235)	9	-	(24)	(584)	-
Equity in related organizations	-	(130)	(130)	-	-	-	-	-	-	-	-	-	-	130	-
Transfers to (from) related organizations	(7,590)	18,095	10,505	-	_	(250)	(1,800)	-	(7,632)	(801)	(22)	-	_	-	-
Net cash provided by (used in) operating activities	9,745	60,935	70,680	14,912	2,883	225	1,178	(779)	(4,820)	1,080	(997)	(14)	366	(2,059)	82,655
Cash flows from investing activities															
Acquisition of property and equipment	(23,477)	(30,259)	(53,736)	(7,130)	(2,097)	(308)	(954)	(126)	(461)	(1,168)	-	_	_	-	(65,980)
Proceeds on sale of property	317	64	381		8	` _	` _		239	-	_	-	_	-	628
Change in investment in partnerships	_	_	-	-	-	57	(33)	(15)	(2,112)	-	-	_	_	2,081	(22)
Net change in other assets	964	-	964	-	8	-	` -	22	-	-	44	-	_	(22)	1,016
Net cash provided by (used in) investing activities	(22,196)	(30,195)	(52,391)	(7,130)	(2,081)	(251)	(987)	(119)	(2,334)	(1,168)	44			2,059	(64,358)
Cash flows from financing activities															
Restricted contributions and gains	-	2,004	2,004	-	-	-	16	-	-	-	446	27	25	-	2,518
Repayment of long-term obligations	(1,729)	(3,231)	(4,960)	-	-	-	-	(140)	-	(1,600)	-	-	_	-	(6,700)
Utilization of letter of credit	3,500	-	3,500	-	-	-	-	` -	-	-	-	-	-	-	3,500
Repayment of letter of credit	(3,500)	_	(3,500)	-	-	-	-	-	-	-	-	-	_	-	(3,500)
Distributions from beneficial interest in remainder trust	-	583	583	-	-	-	-	-	-	-	-	-	-	-	583
Transfers (to) from related organizations	7,590	(18,095)	(10,505)	-	-	250	1,800	-	7,632	801	22	-	-	-	-
Net cash (used in) provided by financing activities	5,861	(18,739)	(12,878)	-		250	1,816	(140)	7,632	(799)	468	27	25	-	(3,599)
Net increase (decrease) in cash and cash equivalents	(6,590)	12,001	5,411	7,782	802	224	2,007	(1,038)	478	(887)	(485)	13	391	-	14,698
Cash and cash equivalents, beginning of year	10,506	66,387	76,893	3,453	1,164	166	3,255	7,021	2,013	2,396	802	104	289	-	97,556
Cash and cash equivalents, end of year	\$ 3,916	78,388	82,304	11,235	1,966	390	5,262	5,983	2,491	1,509	317	117	680		112,254

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