



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990

Return of Organization Exempt From Income Tax

2011

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

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

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable	C Name of organization LIMA MEMORIAL JOINT OPERATING COMPANY	D Employer identification number 34-1883284
<input type="checkbox"/> Address change	Doing Business As LIMA MEMORIAL HEALTH SYSTEM	E Telephone number (419) 228-3335
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address) 1001 BELLEFONTAINE AVENUE	G Gross receipts \$ 158,092,476
<input type="checkbox"/> Initial return	Room/suite	
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return		
<input type="checkbox"/> Application pending		

F Name and address of principal officer
MICHAEL SWICK
1001 BELLEFONTAINE AVENUE
LIMA, OH 45804

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

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

H(c) Group exemption number ►

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

J Website: ► WWW.LIMAMEMORIAL.ORG

K Form of organization Corporation Trust Association Other ► L Year of formation 1999 M State of legal domicile OH

Part I Summary

1 Briefly describe the organization's mission or most significant activities WE ARE HERE TO IMPROVE THE QUALITY OF LIFE IN OUR COMMUNITIES THROUGH COMPREHENSIVE HEALTH SERVICES	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a)	3 12
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 10
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5 1,604
6 Total number of volunteers (estimate if necessary)	6 10
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 341,039
b Net unrelated business taxable income from Form 990-T, line 34	7b -64,854

8 Contributions and grants (Part VIII, line 1h)	Prior Year 386,040	Current Year 259,882
9 Program service revenue (Part VIII, line 2g)	151,272,113	156,231,426
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	506,565	585,912
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	739,744	847,070
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	152,904,462	157,924,290

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	5,184,182	6,923,116
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	68,291,428	68,609,202
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 117,150		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	74,091,486	78,513,770
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	147,567,096	154,046,088
19 Revenue less expenses Subtract line 18 from line 12	5,337,366	3,878,202

20 Total assets (Part X, line 16)	Beginning of Current Year 209,668,000	End of Year 218,263,113
21 Total liabilities (Part X, line 26)	76,001,280	80,976,539
22 Net assets or fund balances Subtract line 21 from line 20	133,666,720	137,286,574

Part II Signature Block

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

Sign Here	***** Signature of officer ERIC D POHJALA VICE PRESIDENT OF FINANCE Type or print name and title	2012-11-13 Date		
Paid Preparer's Use Only	Preparer's signature ► BERNIE OSTROWSKI	Date	Check if self-employed ►	Preparer's taxpayer identification number (see instructions) P00366367
	Firm's name (or yours if self-employed), address, and ZIP + 4 ► PLANTE & MORAN PLLC 65 EAST STATE ST STE 600 COLUMBUS, OH 43215			EIN ► 38-1357951
				Phone no ► (614) 849-3000

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

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

WE ARE HERE TO IMPROVE THE QUALITY OF LIFE IN OUR COMMUNITIES THROUGH COMPREHENSIVE HEALTH SERVICES

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured 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 \$ 126,099,024 including grants of \$ 6,923,116) (Revenue \$ 156,737,457)

SEE SCHEDULE O AS ONE OF THE LARGEST NOT-FOR-PROFIT HEALTH CARE ORGANIZATIONS IN WEST CENTRAL OHIO, LIMA MEMORIAL HEALTH SYSTEM IS COMMITTED TO IMPROVING THE QUALITY OF LIFE IN OUR COMMUNITIES THROUGH COMPREHENSIVE HEALTH SERVICES. LIMA MEMORIAL IS CONTINUALLY IMPROVING ITS SERVICES AND FACILITIES BY KEEPING UP WITH THE LATEST TECHNOLOGIES, PROVIDING CONTINUING EDUCATION TO OUR HEALTH CARE TEAM AND UPDATING OUR FACILITIES. OUR PATIENT SATISFACTION NUMBERS CONTINUE TO IMPROVE AND WE CONTINUALLY ACHIEVE QUALITY SCORES THAT ARE BETTER THAN THE STATE AND NATIONAL AVERAGES. THE HEALTH SYSTEM PROVIDES COMPREHENSIVE HEALTH CARE THAT ALLOW US TO CARE FOR OUR PATIENTS FROM BIRTH THROUGH ELDER YEARS. THESE SERVICES INCLUDE, BUT ARE NOT LIMITED TO -24-HOUR EMERGENCY SERVICES INCLUDING LEVEL II TRAUMA-CHEST PAIN CENTER WITH PCI-THE HEART AND VASCULAR INSTITUTE-ORTHOPEDICS-OBSTETRICS AND PEDIATRICS-LEVEL II NEONATAL NURSERY-WOMEN'S HEALTH CENTER-RADIOLOGY-LABORATORY-INPATIENT AND OUTPATIENT REHABILITATION SERVICES-NEUROLOGY-RENAL SERVICES-WELLNESS SERVICES-OCCUPATIONAL HEALTH. IN 2011, LIMA MEMORIAL CONTRIBUTED AN ESTIMATED \$25 MILLION IN COMMUNITY VALUE IN TERMS OF COMMUNITY BENEFIT EXPENDITURES, CHARITY CARE AND GOVERNMENT-SPONSORED HEALTH CARE AND NEARLY \$5 MILLION IN CHARITY CARE. THIS NUMBER NOT ONLY INDICATES OUR COMMITMENT TO OUR COMMUNITIES, BUT ALSO FULFILLS OUR PURPOSE AS A NOT-FOR-PROFIT ORGANIZATION BY POSITIVELY IMPACTING THE MEMBERS OF OUR COMMUNITIES. THOUSANDS OF PEOPLE HAVE BENEFITED FROM THE COMPASSION, CARE AND EXPERTISE OF OUR PHYSICIANS, NURSES, ASSOCIATES AND VOLUNTEERS. EXAMPLES OF PROGRAMS BENEFITING THE BROADER COMMUNITY INCLUDE, BUT ARE NOT LIMITED TO -GO RED - HEART HEALTH AWARENESS FOR WOMEN EVENTS-JOURNEY TO REMEMBER WOMEN'S HEALTH BENEFIT-MEALS ON WHEELS -KIDS CLINIC-CHILDREN'S DEVELOPMENTAL CENTER-BABY FAIR-CHEST PAIN CENTER-BONE DENSITY SCREENINGS-VASCULAR SCREENINGS-VEIN SCREENINGS-PROSTATE SCREENINGS-CANCER RESOURCE CENTER-MEDICARE ELIGIBILITY PROGRAM-BREAST CANCER SURVIVOR SUPPORT GROUP-FAMILY BIRTH CLINICS-WOMEN'S RESOURCE CENTER-TV AND RADIO PSAs-BREAST FEEDING CLASS AND CLINIC-BLOOD DRIVES AS HEALTH CARE CONTINUES TO CHANGE, LIMA MEMORIAL WILL CONTINUE TO PROVIDE THE HIGHEST QUALITY OF CARE IN A FAMILY ATMOSPHERE TO OUR PATIENTS BY CONTINUALLY ADVANCING OUR SERVICES AND FACILITIES. IN ADDITION, THE HEALTH SYSTEM WILL SUPPORT OUR COMMUNITIES, NOT ONLY THROUGH COMPREHENSIVE HEALTH CARE, BUT ALSO THROUGH OUTREACH ACTIVITIES SUCH AS HEALTH CARE AWARENESS AND PREVENTION PROGRAMS, FREE PUBLIC HEALTH SCREENINGS, FINANCIAL SUPPORT FOR MANY COMMUNITY ORGANIZATIONS, AND OUTREACH TO THE UNDERSERVED COMMUNITY. BENEFIT DEFINITIONSLIMA MEMORIAL HEALTH SYSTEM'S 2011 COMMUNITY BENEFIT REPORT WAS PREPARED IN ACCORDANCE WITH THE REPORTING GUIDELINES PUBLISHED BY THE CATHOLIC HEALTH ASSOCIATION. COMMUNITY BENEFITS REPORTED BY THE HEALTH SYSTEM RESPOND TO AN IDENTIFIED COMMUNITY NEED AND MEET AT LEAST ONE OF THE FOLLOWING CRITERIA -GENERATE A LOW OR NEGATIVE MARGIN,-RESPOND TO THE NEEDS OF SPECIAL POPULATIONS, SUCH AS MINORITIES, FRAIL, ELDERLY, POOR PERSONS WITH DISABILITIES, THE CHRONICALLY MENTALLY ILL, AND PERSONS WITH AIDS, AND-SUPPLY SERVICES OR PROGRAMS THAT WOULD LIKELY BE DISCONTINUED IF THE DECISION WERE MADE ON A PURELY FINANCIAL BASIS. THESE SERVICES INCLUDE -COMMUNITY HEALTH SERVICES, -HEALTH PROFESSIONS EDUCATION,-SUBSIDIZED HEALTH SERVICES, -RESEARCH ACTIVITIES,-FINANCIAL CONTRIBUTIONS,-COMMUNITY BUILDING ACTIVITIES,-COMMUNITY BENEFIT OPERATIONS,-COST OF CHARITY CARE, AND-GOVERNMENT SPONSORED HEALTH CARE

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

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

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

4e Total program service expenses \$ 126,099,024

Part IV Checklist of Required Schedules

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

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

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.

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

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V.

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.

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

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.

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

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.

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

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

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I.

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, Part II and IV.

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III and IV.

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I.

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.

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

b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements.

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	282
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	1,604
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	No
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	13b	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13c	
c	Enter the aggregate amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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

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

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a	12
b Enter the number of voting members included in line 1a, above, who are independent	1b	10
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6 Did the organization have members or stockholders?	6	Yes
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a The governing body?	8a	Yes
b Each committee with authority to act on behalf of the governing body?	8b	Yes
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
 Own website Another's website Upon request

19 Describe in Schedule O whether (and if so, how), the organization made 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
 STACEY DEITERING
 121 W HIGH ST
 LIMA, OH 45801
 (419) 998-4733

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

 Check if Schedule O contains a response to any question in this Part VII
Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or Director	Individual trustee	Institutional Trustee	Officer	Key Employee			
(1) JOHN H JOHNSON CHAIRPERSON	1 00	X		X			0	0	0
(2) BARBARA STEELE VICE-CHAIR	1 00	X		X			0	0	0
(3) JACK RANDOLPH SECRETARY	1 00	X		X			0	0	0
(4) KERMIT STROH TREASURER	1 00	X		X			0	0	0
(5) BILL ROBINSON BOARD MEMBER	1 00	X					0	0	0
(6) BARRETT RYDELL BOARD MEMBER	1 00	X					0	0	0
(7) GARY AKENBERGER BOARD MEMBER	1 00	X					0	0	0
(8) LAWRENCE D BELL MD BOARD MEMBER	1 00	X					0	528,731	25,652
(9) THOMAS R FREYTAG MD BOARD MEMBER	1 00	X					0	145,112	4,365
(10) DEBRA MCCURDY PHD BOARD MEMBER	1 00	X					0	0	0
(11) ROBERT L THOMPSON BOARD MEMBER	1 00	X					0	0	0
(12) HAROLD WARONKER BOARD MEMBER	1 00	X					0	0	0
(13) MICHAEL SWICK PRESIDENT & CEO	34 00			X			341,929	0	116,019
(14) ROBERT E ARMSTRONG JR SENIOR VP & COO	30 00			X			221,026	0	64,403
(15) ERIC D POHJALA VP OF FINANCE & CFO	34 00			X			213,079	0	62,137
(16) CHARLES LYNN THOMPSON MD VICE PRESIDENT & CMO	19 00				X		247,536	0	64,598
(17) LYNN CARPENTER LMPC EXECUTIVE DIRECTOR	4 00				X		128,552	0	26,803

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

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **22**

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
LIMA ANESTHESIA & PAIN TREATMENT PC PO BOX 33058 PALM BEACH GARDENS, FL 33420	MEDICAL SERVICES	3,268,651
HEALTH PERFORMANCE MANAGEMENT 1001 BELLEFONTAINE AVE LIMA, OH 45804	MEDICAL SERVICES	1,392,125
HYLANT GROUP 811 MADISON AVE TOLEDO, OH 43603	NONEMPLOYEE COMPENSATION	1,261,609
APOGEE MEDICAL MANAGEMENT INC 2525 E CAMELBACK RD PHOENIX, AZ 85016	MEDICAL SERVICES	1,118,745
MAYO COLLABORATIVE SERVICES 200 FIRST ST ROCHESTER, MN 55905	MEDICAL SERVICES	846,259
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 for services from the contractor: 31		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►34

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514			
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d	202,835					
	e Government grants (contributions)	1e	57,047					
	f All other contributions, gifts, grants, and similar amounts not included above	1f						
	g Noncash contributions included in lines 1a-1f \$							
	h Total. Add lines 1a-1f		259,882					
Program Service Revenue	Business Code							
			2a PATIENT SERVICE REV	621110	155,982,376	155,982,376		
			b RENT FROM AFFILIATE	900099	249,050	249,050		
			c					
			d					
			e					
			f All other program service revenue					
			g Total. Add lines 2a-2f		156,231,426			
Other Revenue								
			3 Investment income (including dividends, interest and other similar amounts)		601,755		601,755	
			4 Income from investment of tax-exempt bond proceeds					
			5 Royalties					
			6a Gross rents	(i) Real	(ii) Personal			
			b Less rental expenses					
			c Rental income or (loss)					
			d Net rental income or (loss)					
7a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other							
				152,343				
			b Less cost or other basis and sales expenses		168,186			
			c Gain or (loss)		-15,843			
			d Net gain or (loss)					-15,843
			8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
			b Less direct expenses	b				
			c Net income or (loss) from fundraising events					
9a Gross income from gaming activities See Part IV, line 19								
b Less direct expenses	b							
c Net income or (loss) from gaming activities								
10a Gross sales of inventory, less returns and allowances								
b Less cost of goods sold	b							
c Net income or (loss) from sales of inventory								
Miscellaneous Revenue		Business Code						
11a REFERENCE LAB		541380	341,039	341,039				
b EDUCATIONAL SERVICES		621110	54,557	54,557				
c HEALTH PERFORMANCE K-1		525990	50,384	50,384				
d All other revenue			401,090	401,090				
e Total. Add lines 11a-11d			847,070					
12 Total revenue. See Instructions			157,924,290	156,737,457	341,039	585,912		

Part IX Statement of Functional Expenses

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

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	6,920,239	6,920,239		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	2,877	2,877		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,000,851		1,000,851	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	51,504,068	41,113,226	10,278,307	112,535
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,276,538	1,021,230	255,308	
9 Other employee benefits	11,047,352	8,837,882	2,209,470	
10 Payroll taxes	3,780,393	3,024,314	756,079	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees				
g Other	23,907,733	19,126,048	4,781,512	173
12 Advertising and promotion	383,475	306,557	76,639	279
13 Office expenses	25,259,486	20,204,818	5,051,205	3,463
14 Information technology	280	224	56	
15 Royalties				
16 Occupancy	2,139,071	1,711,257	427,814	
17 Travel	289,246	231,397	57,849	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,137,219	1,709,775	427,444	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	9,189,694	7,351,755	1,837,939	
23 Insurance	1,426,775	1,141,420	285,355	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a BAD DEBT EXPENSE	6,644,320	6,644,320		
b INTEREST RATE SWAP	4,912,941	4,912,941		
c RECRUITING	1,209,601	1,028,161	181,440	
d EDUCATION & REWARDS	670,546	535,877	133,969	700
e				
f All other expenses	343,383	274,706	68,677	
25 Total functional expenses. Add lines 1 through 24f	154,046,088	126,099,024	27,829,914	117,150
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	9,490,568	1 10,343,207
	2 Savings and temporary cash investments	6,024,076	2 6,012,460
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	21,570,962	4 23,192,073
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L	6	
	7 Notes and loans receivable, net	2,773,209	7 1,653,935
	8 Inventories for sale or use	4,693,774	8 4,582,296
	9 Prepaid expenses and deferred charges	1,427,623	9 3,373,502
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	200,113,695	
	10a	115,344,614	
	b Less accumulated depreciation	87,597,861	10c 84,769,081
	11 Investments—publicly traded securities	24,556,055	11 25,984,842
	12 Investments—other securities See Part IV, line 11	1,707,712	12 1,894,312
	13 Investments—program-related See Part IV, line 11	13	
	14 Intangible assets	14	
	15 Other assets See Part IV, line 11	49,826,160	15 56,457,405
	16 Total assets. Add lines 1 through 15 (must equal line 34)	209,668,000	16 218,263,113
Liabilities	17 Accounts payable and accrued expenses	11,546,614	17 12,870,023
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	47,617,500	20 46,055,000
	21 Escrow or custodial account liability Complete Part IV of Schedule D	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	22	
	23 Secured mortgages and notes payable to unrelated third parties	629,296	23 383,847
	24 Unsecured notes and loans payable to unrelated third parties	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	16,207,870	25 21,667,669
	26 Total liabilities. Add lines 17 through 25	76,001,280	26 80,976,539
	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	27 Unrestricted net assets	133,597,397	27 137,252,469
	28 Temporarily restricted net assets	69,323	28 34,105
	29 Permanently restricted net assets	29	
Net Assets or Fund Balances	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.		
	30 Capital stock or trust principal, or current funds	30	
	31 Paid-in or capital surplus, or land, building or equipment fund	31	
	32 Retained earnings, endowment, accumulated income, or other funds	32	
	33 Total net assets or fund balances	133,666,720	33 137,286,574
	34 Total liabilities and net assets/fund balances	209,668,000	34 218,263,113

Part XI Reconciliation of Net AssetsCheck 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	157,924,290
2	Total expenses (must equal Part IX, column (A), line 25)	2	154,046,088
3	Revenue less expenses Subtract line 2 from line 1	3	3,878,202
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	133,666,720
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-258,348
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	137,286,574

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

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

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**Public Charity Status and Public Support**

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

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

Department of the Treasury
Internal Revenue ServiceName of the organization
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization 	
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization 	
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization 	
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization 	
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions 	

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15
16 Public support percentage from 2010 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization	
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2011****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.

**Open to Public
Inspection**

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

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

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

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

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

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

Name of the organization LIMA MEMORIAL JOINT OPERATING COMPANY	Employer identification number 34-1883284
---	--

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

- 1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
- 2 Political expenditures ► \$ _____
- 3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- 4b If "Yes," describe in Part IV

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

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

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

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

A Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

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

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(b)	
	Yes	No	Amount	
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
a Volunteers?			No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			No	
c Media advertisements?			No	
d Mailings to members, legislators, or the public?			No	
e Publications, or published or broadcast statements?			No	
f Grants to other organizations for lobbying purposes?			No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?			No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			No	
i Other activities? If "Yes," describe in Part IV			Yes 11,327	
j Total lines 1c through 1i			11,327	
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

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

1 Were substantially all (90% or more) dues received nondeductible by members?	1	Yes	No
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).	2a	
a Current year	2b	
b Carryover from last year	2c	
c Total	3	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	
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?	5	
5 Taxable amount of lobbying and political expenditures (see instructions)		

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 11. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	LOBBYING EXPENSES ARE INCURRED IN CONNECTION WITH THE DUES PAID TO THE OHIO HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION

2011

Open to Public
Inspection**SCHEDULE D**
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
 ► Attach to Form 990. ► See separate instructions.

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

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

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

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

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

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

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

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

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

► \$ _____

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

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

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

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

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

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

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

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,465,715			4,465,715
b Buildings		129,836,812	86,277,268		43,559,544
c Leasehold improvements					
d Equipment		64,086,952	28,590,546		35,496,406
e Other		1,724,216	476,800		1,247,416
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					84,769,081

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

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

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

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

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

(a) Description	(b) Book value
(1) BOND ISSUE COSTS	475,900
(2) INVESTMENTS IN AFFILIATED ORG	55,981,505
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.) ►	56,457,405

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
ACCRUED PENSION LIABILITY	2,208,887
PROFESSIONAL LIABILITY RESERVE	767,000
FIN 47 ASBESTOS LIABILITY	2,821,856
THIRD PARTY PAYOR SETTLEMENTS	2,830,713
MINORITY INTEREST IN CONSOLIDATED SUBS	334,907
FAIR VALUE OF INTEREST RATE SWAP AG	12,704,306
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.) ►	21,667,669

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

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

1 Total revenue (Form 990, Part VIII, column (A), line 12)	1
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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public
InspectionDepartment 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.

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? If "No," skip to question 6a

b If "Yes," is it a written policy?

2 If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals

Applied uniformly to all hospitals Applied uniformly to most hospitals
 Generally tailored to individual hospitals

3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year

a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care

100% 150% 200% Other _____%

b Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care

200% 250% 300% 350% 400% Other _____%

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

4 Did the organization's policy provide free or discounted care to the "medically indigent"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's charity care expenses exceed the budgeted amount?

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

6a Did the organization prepare a community benefit report during the tax year?

6b If "Yes," did the organization make it available to the public?

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			6,500,908	1,510,762	4,990,146	3 240 %
b Medicaid (from Worksheet 3, column a)			19,062,194	12,174,942	6,887,252	4 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			25,563,102	13,685,704	11,877,398	7 710 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			6,778,794	0	6,778,794	4 400 %
f Health professions education (from Worksheet 5)			326,980		326,980	0 210 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			324,990		324,990	0 210 %
j Total Other Benefits			7,430,764		7,430,764	4 820 %
k Total . Add lines 7d and 7j			32,993,866	13,685,704	19,308,162	12 530 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

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

Part III Bad Debt, Medicare, & Collection Practices
Section A. Bad Debt Expense

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?

2 Enter the amount of the organization's bad debt expense

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit

	Yes	No
1		No
2	2,054,464	
3	390,341	
5	41,304,200	
6	47,111,974	
7	-5,807,774	
9a	Yes	
9b	Yes	

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)

6 Enter Medicare allowable costs of care relating to payments on line 5

7 Subtract line 6 from line 5. This is the surplus or (shortfall)

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

Cost accounting system

Cost to charge ratio

Other

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

9a	Yes
9b	Yes

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 HEALTH PERFORMANCE MANAGEMENT COMPANY LLC	CARDIOLOGY CO-MANAGEMENT	25 000 %		75 000 %
2	2 LMHS WOMEN'S HEALTH CO-MANAGEMENT COMPANY LLC	CO-MANAGEMENT	50 000 %		50 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

Part V Facility Information (continued)**Section B. Facility Policies and Practices.**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

LIMA MEMORIAL HEALTH SYSTEM

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____ 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1	
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%		
If "No," explain in Part VI the criteria the hospital facility used		

Part V Facility Information (continued)

	Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10 Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used		
11 Explained the basis for calculating amounts charged to patients?	11 Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)		
a <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input checked="" type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	13 Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input checked="" type="checkbox"/> The policy was attached to all billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available upon request		
g <input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections		
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14 Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
a <input checked="" type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments or arrests		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16 Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input checked="" type="checkbox"/> Reporting to credit agency		
b <input checked="" type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)		
a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission		
b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued)**Policy Relating to Emergency Medical Care**

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

	Yes	No
18	Yes	

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

20		No
21		No

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

If "Yes," explain in Part VI

Part V Facility Information (continued)**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size from largest to smallest)How many non-hospital facilities did the organization operate during the tax year? 2

Name and address		Type of Facility (Describe)
1	MEDICAL PARK 525 EASTOWN RD LIMA, OH 45807	MRI, CT
2	YMCA - WELLNESS CENTER 345 S ELIZABETH ST LIMA, OH 45801	WELLNESS CENTER
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		<p>PART I, LINE 7 THE HOSPITAL USED A COST-TO-CHARGE COSTING METHODOLOGY TO CALCULATE THE AMOUNTS REPORTED IN LINE 7 THE HOSPITAL DERIVED THE COST-TO-CHARGE RATIO FROM THE USE OF WORKSHEET 2 PART I, LINE 7E IN ADDITION TO LIMA MEMORIAL JOINT OPERATING COMPANY'S COMMUNITY HEALTH IMPROVEMENT SERVICES AND COMMUNITY BENEFIT OPERATIONS, THIS LINE AMOUNT ALSO INCLUDES COMMUNITY BENEFIT PROVIDED BY LIMA MEMORIAL PROFESSIONAL CORPORATION, WHICH IS A RELATED ENTITY, IN AS MUCH AS LIMA MEMORIAL PROFESSIONAL CORPORATION'S ACTIVITY, ARE CARRIED ON IN A MANNER CONSISTENT WITH AND DIRECTLY IN CONNECTION WITH THE TAX EXEMPT PURPOSE OF LIMA MEMORIAL JOINT OPERATING COMPANY</p>

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE OF THIS COLUMN IS \$6,644,320

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		<p>PART II BEYOND THE NUMBERS KEY COMMUNITY BENEFITS ACTIVITIES OF 2011 - LIMA MEMORIAL DEVELOPS PROGRAMS AND SERVICES TO ADDRESS COMMUNITY HEALTH NEEDS AND MAKES INVESTMENTS IN INITIATIVES THAT ALIGN WITH THE HEALTH SYSTEM'S MISSION, VISION, AND VALUES THE MAJORITY OF LIMA MEMORIAL'S COMMUNITY BENEFIT INVESTMENT WAS IN THE AREA OF CHARITABLE CARE TO ENSURE THAT THOSE WITHOUT INSURANCE OR WITH LIMITED INSURANCE HAVE ACCESS TO NEEDED MEDICAL CARE BEYOND THAT FOCUS ARE PROGRAMS AND SERVICES THAT BENEFIT EVERY RESIDENT AND SUPPORT THE FAR REACHING GOAL OF A HEALTHIER WEST CENTRAL OHIO LIMA MEMORIAL HEALTH SYSTEM CANNOT MEET ALL OF THE HEALTHCARE NEEDS WITHOUT THE ENGAGEMENT AND SUPPORT OF KEY STAKEHOLDERS INCLUDING OUR MEDICAL STAFF, AS WELL AS OTHER COMMUNITY ORGANIZATIONS COMMUNITY HEALTH SERVICES IN 2011, LIMA MEMORIAL HEALTH SYSTEM PROVIDED AND/OR PARTICIPATED IN MORE THAN 100 COMMUNITY HEALTH SERVICE PROGRAMS INCLUDED IN THIS CATEGORY ARE HEALTH AND WELLNESS EDUCATION, HEALTH SCREENINGS, COMMUNITY DEVELOPMENT, AND SERVICES TO HELP PEOPLE ADOPT HEALTHY LIFE-STYLE CHANGES ALSO INCLUDED ARE THE MYRIAD OF SUPPORT GROUP ACTIVITIES THAT HELP PATIENTS AND THEIR FAMILIES MANAGE CHRONIC HEALTH CONDITIONS KEY INITIATIVES THIS PAST YEAR INCLUDE DIAGNOSTIC HEART AND VASCULAR SCREENINGS FOR AT-RISK ADULTS, CHILDHOOD DIABETES EDUCATION IN AREA SCHOOLS, INJURY PREVENTION AND AWARENESS, AND HEALTHY EATING EVENTS A THIRD SUBSET OF THIS CATEGORY INCLUDES HEALTH CARE SUPPORT SERVICES, OR THOSE SERVICES THAT ARE PROVIDED TO ASSIST COMMUNITY MEMBERS IN ACCESSING BOTH INFORMATION AND THE MEDICAL CARE THAT THEY NEED CHIEF AMONG THE HEALTH SYSTEM'S SUPPORT INITIATIVES ARE THE FINANCIAL COUNSELORS THAT ENSURE THAT PATIENTS WHO ARE STRUGGLING FINANCIALLY AND/OR LACK MEDICAL INSURANCE ARE AFFORDED THE CARE THAT THEY NEED HEALTH PROFESSIONS EDUCATION LIMA MEMORIAL HEALTH SYSTEM BELIEVES THAT HAVING HIGHLY TRAINED MEDICAL PERSONNEL BENEFITS EVERYONE IN THE COMMUNITY BEYOND ON-GOING EDUCATION FOR PHYSICIANS, NURSES, TECHNICIANS, AND OTHER CLINICIANS, THE HEALTH SYSTEM SUPPORTED NUMEROUS SPECIAL INITIATIVES IN 2011 TO FURTHER THE CAPABILITIES OF AREA MEDICAL PERSONNEL OUR SCHOOLS OF NURSING PROGRAM PROVIDED A TRAINING SITE FOR NEARLY 300 NURSING STUDENTS IN 2011 LIMA MEMORIAL PROVIDES EDUCATION OUTREACH BEYOND THE WALLS OF THE HOSPITAL TO SUPPORT MEDICAL EDUCATION IN THE COMMUNITY BY PROVIDING HUNDREDS OF HOURS OF TRAINING FOR AREA EMTS AND PARAMEDICS FINANCIAL CONTRIBUTIONS LIMA MEMORIAL PROVIDES BOTH CASH AND IN-KIND SUPPORT TO INDIVIDUALS AND OTHER COMMUNITY ORGANIZATIONS THE SPONSORSHIP FUND PROVIDES FUNDING SUPPORT TO WEST-CENTRAL OHIO PROGRAMS THAT ADDRESS IDENTIFIED COMMUNITY NEEDS AND SERVE VULNERABLE POPULATIONS IN 2011, LIMA MEMORIAL CONTRIBUTED TO MORE THAN 50 ORGANIZATIONS INCLUDING THE EQUESTRIAN THERAPY PROGRAM, YMCA OF LIMA, AMERICAN CANCER SOCIETY, THE ALLEN COUNTY SHERIFFS DEPARTMENT, THE UNITED WAY, AND THE AMERICAN RED CROSS COMMUNITY BENEFIT OPERATIONS FOR 2011, THE ONLY COMMUNITY BENEFITS EXPENSE RECORDED IS THE STAFF EXPENSE TO TRACK AND REPORT ON THE HEALTH SYSTEM'S COMMUNITY BENEFIT INVESTMENT THE APPLICABLE COSTS FOR STAFF ENGAGING IN ACTUAL COMMUNITY BENEFIT SERVICES AND PROGRAMMING ARE REPORTED WITHIN SPECIFIC INITIATIVES AND ACTIVITIES CHARITY CARE IN ACCORDANCE WITH REPORTING REQUIREMENTS, LIMA MEMORIAL'S CHARITY CARE EXPENSE IS BASED UPON COSTS VERSUS CHARGES CHARITY CARE INCLUDES LIMA MEMORIAL'S TRADITIONAL INPATIENT AND EMERGENCY SERVICES WHEN A PATIENT IS APPROVED TO RECEIVE FINANCIAL ASSISTANCE, THAT APPROVAL IS FOR A SIX-MONTH PERIOD AND INCLUDES ALL HOSPITAL CARE THIS APPROACH ENSURES THAT ASSISTANCE IS PORTABLE AND THAT PATIENTS HAVE ACCESS TO NEEDED MEDICAL SERVICES BY MAKING A SINGLE APPLICATION A KEY GOAL IS TO IDENTIFY COMMUNITY MEMBERS IN NEED SOONER THE RESULT IS MORE CHARITY CARE AND FEWER BAD DEBTS GOVERNMENT SPONSORED HEALTHCARE PAYMENT SHORTFALLS FOR PUBLIC INSURANCE PROGRAMS, INCLUDING MEDICAID AND MEDICARE, WERE \$12,694,654 IN 2011</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES, AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS THE ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IS REPORTED AS PART OF THE PATIENT ACCOUNTS RECEIVABLE AMOUNT ON THE CONSOLIDATED BALANCE SHEET AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE THE HOSPITAL MULTIPLIES GROSS WRITE-OFF CHARGES BY THE COST-TO-CHARGE RATIO DETERMINED IN WORKSHEET 2 TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 2 AND 3 ADDITIONAL BAD DEBT ATTRIBUTABLE TO PATIENTS IDENTIFIED UNDER CHARITY CARE WAS ESTIMATED BY A THIRD PARTY THROUGH THE SCREENING OF BAD DEBT PATIENTS AT POVERTY LEVEL THE HOSPITAL APPLIES ANY DISCOUNTS/PAYMENTS RECEIVED AGAINST PATIENT ACCOUNTS BEFORE DETERMINING BAD DEBT EXPENSE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 BASED ON A COST TO CHARGE RATIO DETERMINED IN ACCORDANCE WITH MEDICARE COST REPORT REQUIREMENTS, THE COSTS OF PROVIDING CARE TO THE MEDICARE POPULATION IN 2011 WAS \$47,111,974 THE PAYMENTS RELATED TO THESE SERVICES WERE \$41,304,200 LEAVING A MEDICARE SHORTFALL OF \$5,807,774 FOR THE YEAR THE MEDICARE SHORTFALL IS A COMMUNITY BENEFIT BECAUSE PROVIDING SERVICES TO THE ELDERLY IS A TAX EXEMPT PURPOSE CONSISTENT WITH LIMA MEMORIAL JOINT OPERATING COMPANY'S OVERALL EXEMPT STATUS, AND THE HOSPITAL ACCEPTS THESE PATIENTS REGARDLESS OF ITS IMPACT ON OVERALL PROFITABILITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS DO NOT RECEIVE ANY NOTICE FROM LMH UNTIL BALANCES ARE DETERMINED TO BE THE PATIENT'S RESPONSIBILITY PRIMARY SELF-PAY ACCOUNTS ARE REFERRED TO AN OUTSIDE AGENCY AS AN EXTENSION OF THE BUSINESS OFFICE AT DAY 45 ACCOUNTS REMAIN WITH THE AGENCY UNTIL IT IS AT A ZERO BALANCE OR 150 DAYS AT 150 DAYS THE ACCOUNT IS CLOSED BACK AND GIVEN TO THE SUBSEQUENT AGENCY FOR REGULAR COLLECTION FOLLOW UP BALANCE AFTER INSURANCE ACCOUNTS ARE REFERRED TO AN OUTSIDE AGENCY ONCE ANY MONEY IS MOVED INTO SELF PAY THE ACCOUNT IS KEPT FOR A MINIMUM OF 90 DAYS AND THEN REFERRED TO A COLLECTION AGENCY

Identifier	ReturnReference	Explanation
LIMA MEMORIAL HEALTH SYSTEM		PART V, SECTION B, LINE 19D ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY ARE CHARGED THE SAME AMOUNT THE FACILITY ATTEMPTS TO SCREEN ALL SELF PAY PATIENTS AND PROVIDES INFORMATION TO THEM CONCERNING CHARITY POLICIES AT TIMES, PATIENTS ARE REQUESTED TO PROVIDE PROOF OF INCOME OF THOSE PATIENTS THAT ARE NOT SCREENED AND DO NOT RETURN THE REQUIRED PAPERWORK, THEY ARE CHARGED FULL PRICE FOR THEIR SERVICE UNTIL PROOF OR A COMPLETED AND SIGNED APPLICATION IS RECEIVED THE LEAST DISCOUNT RECEIVED IS 40% WHICH IS LARGER THAN THE AVERAGE COMMERCIAL CSA

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 LIMA MEMORIAL HEALTH SYSTEM REGULARLY PARTICIPATES IN COMPREHENSIVE COMMUNITY HEALTH NEEDS ASSESSMENTS TO IDENTIFY FAR-REACHING HEALTH NEEDS FACED BY PEOPLE IN THE COMMUNITIES SERVED BY THE HOSPITAL. ASSESSMENT RESULTS ARE EVALUATED OVER TIME AND SERVE AS THE BASIS TO DEVELOP NEW OR EXPANDED PLANS TO ADDRESS SERVICES IN RESPONSE TO NEED. LIMA MEMORIAL HEALTH SYSTEM JOINED OTHER AREA ORGANIZATIONS TO DEVELOP, IMPLEMENT AND UTILIZE THE 2009 ALLEN COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT. THE NEEDS ASSESSMENT COLLECTED DATA FOR ALLEN COUNTY ADULTS (AGES 19 YEARS OF AGE AND OLDER) AND YOUTH (AGES 12 THROUGH 18) WHO PARTICIPATED IN A COUNTY-WIDE ASSESSMENT SURVEY DURING 2009. THE FINDINGS ARE BASED ON SELF-ADMINISTERED SURVEYS USING A STRUCTURED QUESTIONNAIRE. THE QUESTIONS WERE MODELED AFTER THE SURVEY INSTRUMENTS USED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION FOR THEIR NATIONAL AND STATE BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM AND YOUTH RISK BEHAVIOR SURVEILLANCE SYSTEM. THE SURVEY ASSESSED THE FOLLOWING AREAS: COMMUNITY CONCERN AND SERVICES, PHYSICAL HEALTH ISSUES AND BEHAVIORAL HEALTH ISSUES FOR AREAS OUTSIDE OF ALLEN COUNTY. LIMA MEMORIAL UTILIZES DATA FROM ADDITIONAL COUNTY-BASED NEEDS ASSESSMENT WHEN AVAILABLE. THE RESULTS OF THIS SURVEY ARE BEING USED TO SHAPE LIMA MEMORIAL COMMUNITY OUTREACH EFFORTS IN 2011. LMHS ALSO PARTICIPATED AND HELPED FUND THE PIONEERING HEALTHY COMMUNITIES IN CONJUNCTION WITH THE CITY OF LIMA AND THE ALLEN COUNTY YMCA. AS PART OF THE PROGRAM, NEED AND RISKS OF THE ALLEN COUNTY AREA WERE LOOKED AT. OBESITY, ESPECIALLY CHILDHOOD OBESITY, WAS DETERMINED TO BE A SIGNIFICANT HEALTH RISK. ALSO, LMHS IS PART OF THE COMMUNITY SUSTAINABILITY ADVISORY COMMITTEE, WHICH IS ADDRESSING A VARIETY OF HEALTH-RELATED NEEDS IN THE COMMUNITIES WE SERVE. THIS COMMITTEE'S GOAL IS TO INCREASE THE NUMBER OF ADULTS WHO ARE AT A HEALTHY WEIGHT BY AT LEAST TWO PERCENTAGE POINTS BY 2020. ASSESSMENT SUMMARY: WHEN ASKED TO RANK COMMUNITY PROBLEMS FROM A PREPARED LIST, 43% OF RESPONDENTS NOTED UNEMPLOYMENT AS THE SINGLE MOST IMPORTANT PROBLEM FACING LOCAL FAMILIES. RESIDENTS IDENTIFY JOB TRAINING & EMPLOYMENT SERVICES AS THE SINGLE MOST IMPORTANT SERVICE NEED IN THE COUNTY. IN 2009, CRIME PREVENTION SERVICES WAS RANKED THE SECOND MOST IMPORTANT/MOST NEEDED SERVICE. IN 2009, OTHER IMPORTANT AND EMERGING COMMUNITY PROBLEMS ARE FAMILY ISSUES OF DOMESTIC VIOLENCE, QUALITY OF LIFE, AND PARENTING. OTHER IMPORTANT SERVICES INCLUDED HEALTH CARE SERVICES, YOUTH PROGRAMS AND CARE OF THE ELDERLY. ALMOST ONE-QUARTER (24%) OF ALLEN COUNTY ADULTS REPORTED IN 2009 THAT THEY HAD ATTEMPTED TO GET ASSISTANCE FROM A SOCIAL SERVICE AGENCY. 58% OF THOSE ADULTS DID RECEIVE ASSISTANCE AND ONLY 1% OF ADULTS REPORTED THEY DID NOT KNOW WHERE TO LOOK FOR ASSISTANCE. PREVIOUS ASSESSMENTS BROUGHT TO LIGHT SOME OF THE PHYSICAL HEALTH CHALLENGES ALLEN COUNTY RESIDENTS FACED AND HIGH RATES OF CHRONIC DISEASE. ALTHOUGH ALLEN COUNTY DEATH RATES FOR HEART DISEASE, CANCER, STROKE, AND DIABETES HAVE DECREASED, THE NUMBER OF ADULTS WHO REPORT HAVING CLINICAL INDICATORS AND LIFESTYLE CHARACTERISTICS ASSOCIATED WITH THEM HAS INCREASED IN SEVERAL AREAS. TWO AREAS THAT HAVE INCREASED SINCE A 2002 SURVEY ARE CONSIDERABLY ABOVE STATE AND NATIONAL RATES: HIGH BLOOD PRESSURE AND EXCESSIVE BODY WEIGHT. ABOUT 3 OUT OF 4 ALLEN COUNTY ADULTS ARE CONSIDERED OVERWEIGHT OR OBESE BY BODY MASS INDEX STANDARDS (BMI). SOME POSITIVE CHANGES WERE NOTED - FEWER ADULTS REPORT NO LEISURE TIME ACTIVITY, INDICATING THEY ARE MORE ACTIVE THAN PREVIOUS ASSESSMENTS FOUND, AND CIGARETTE SMOKING IS DOWN IN ALLEN COUNTY, THOUGH STILL SLIGHTLY HIGHER THAN STATE AND NATIONAL RATES. HEALTH CARE WAS IDENTIFIED AS ONE OF THE TOP THREE MOST IMPORTANT SERVICES IN ALLEN COUNTY AND THE MAJORITY OF ADULTS (86%) REPORT HAVING HEALTH CARE COVERAGE. DESPITE THIS, FEWER WOMEN ARE PARTICIPATING IN SCREENINGS FOR EARLY DETECTION OF CANCER. A NOTABLE IMPROVEMENT FROM 2002 WAS THE PERCENTAGE OF ADULTS WHO HAVE VISITED A DENTIST IN THE PAST YEAR, THOUGH REPORTED DENTAL VISITS WITHIN THE PAST YEAR ARE STILL LOWER IN ALLEN COUNTY COMPARED TO STATE AND NATIONAL RATES. LIFESTYLE CHARACTERISTICS THAT CORRESPOND WITH REDUCED RISK FOR CHRONIC DISEASE INCLUDE A HEALTHY BODY WEIGHT, ADEQUATE FRUIT AND VEGETABLE CONSUMPTION, REGULAR LEISURE-TIME PHYSICAL ACTIVITY, AND NOT SMOKING. YET ONLY 0.8% OF ALLEN COUNTY ADULTS ENGAGE IN ALL FOUR HEALTHY LIFESTYLE CHARACTERISTICS. SOME OF THE HEALTH ISSUES FACING ALLEN COUNTY YOUTH INCLUDE EARLY SEXUAL ACTIVITY AND TEEN PREGNANCY, BULLYING, AND LACK OF SAFETY HABITS SUCH AS WEARING HELMETS WHEN RIDING BICYCLES AND ATVS, AND LACK OF REGULAR SEATBELT USE.</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENTS OF LIMA MEMORIAL HOSPITAL ARE EDUCATED ON THE HOSPITAL'S CHARITY CARE PROGRAM DURING THE REGISTRATION PROCESS VIA WALL-POSTED STATEMENTS, HOSPITAL PERSONNEL INQUIRIES, ETC INFORMATION REGARDING THE HOSPITAL'S CHARITY CARE IS ALSO FOUND ON LIMA MEMORIAL HOSPITAL'S WEBSITE STATEMENTS GOING TO PATIENTS ALSO IDENTIFY THIS PROGRAM

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 LIMA MEMORIAL HEALTH SYSTEM SERVES A 10 COUNTY AREA THAT INCLUDES MORE THAN 475,000 PEOPLE. THE COUNTIES INCLUDE ALLEN, AUGLAIZE, PUTNAM, HANCOCK, MERCER, HARDING, LOGAN, SHELBY, PAULDING, AND VAN WERT. THE MEDIUM HOUSEHOLD INCOME FOR THE REGION IS \$44,300. 24% OF RESIDENTS ARE UNDER 18 YEARS-OLD, WHILE 14.5% OF RESIDENTS ARE 65 YEARS-OLD OR OLDER. 95.4% OF OUR ENTIRE SERVICE AREA IS CAUCASIAN, WHILE 2.75% ARE AFRICAN AMERICAN. IN OUR PRIMARY SERVICE AREA OF ALLEN COUNTY 85.6% ARE CAUCASIAN, WHILE 11.7% ARE AFRICAN AMERICAN. THE REGION IS PRIMARILY RURAL WITH SMALL COMMUNITIES. THE LARGEST CITY IN THE REGION IS LIMA WITH A POPULATION OF MORE THAN 38,000.

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 LIMA MEMORIAL HEALTH SYSTEM TAKES PART IN NUMEROUS HEALTH-RELATED COMMUNITY ACTIVITIES HEALTH FAIRS IN OUR SERVICE AREA, FREE AND REDUCED MAMMOGRAMS, SPECIAL DISCOUNTS FOR LAB SERVICES FOR FREQUENTLY NEEDED TESTS ALL HELP LMHS ADDRESS THE NEEDS OF THE UNINSURED AND UNDERINSURED IN OUR AREA

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 LIMA MEMORIAL HEALTH SYSTEM DEVELOPS PROGRAMS AND SERVICES TO ADDRESS COMMUNITY HEALTH NEEDS TO SUPPORT THE GOAL OF A HEALTHIER WEST CENTRAL OHIO

Schedule H (Form 990) 2011

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

**Schedule I
(Form 990)****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**

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

► Attach to Form 990

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed. ►

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) TOLEDO CHILDREN'S HOSPITAL FOUNDATION 2142 N COVE BLVD TOLEDO, OH 43606	34-1901463	501(C)6	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(2) EQUESTRIAN THERAPY PROGRAM 22532 BOWSHER RD CRIDERSVILLE, OH 45806	34-1376159	501(C)3	10,000				THERAPY PROGRAM FOR CHILDREN WITH DISABILITIES
(3) LIMA AREA FAMILY YMCA 345 S ELIZABETH ST LIMA, OH 45801	34-4431173	501(C)3	262,994				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(4) LIMA SYMPHONY ORCHESTRA 133 N ELIZABETH ST LIMA, OH 45807	34-4465022	501(C)3	12,000				COMMUNITY DEVELOPMENT SUPPORTING ARTS
(5) AMERICAN RED CROSS 610 S COLLET ST LIMA, OH 45805	53-0196605	501(C)3	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(6) LIMA MEMORIAL FOUNDATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1707570	501(C)3	10,000				HEALTH INITIATIVE
(7) LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION 130 W NORTH ST LIMA, OH 45801	99-9999999	SEE PART VI	5,000				COMMUNITY DEVELOPMENT
(8) THE LIMA NEWS 3515 ELIDA RD LIMA, OH 45807	34-4466918		5,000				COMMUNITY HEALTH EDUCATION
(9) LIMA MEMORIAL PROFESSIONAL CORPORATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1935236	501(C)3	6,537,686				GENERAL SUPPORT FOR RELATED TAX-EXEMPT ENTITY

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table. ► 6

3 Enter total number of other organizations listed in the line 1 table. ► 3

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) EDUCATIONAL LOAN		2,877			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 IN MOST CASES THE EFFECTIVE USE OF FUNDS IS EVIDENT THROUGH THE POSITIVE RESULTS OF THE PROGRAMS WE FUND IN ADDITION, LIMA MEMORIAL HAS BOARD REPRESENTATION ON MOST OF THE ORGANIZATIONS WE SUPPORT IF THIS IS NOT THE CASE WE DO ASK FOR THEIR BUSINESS PLAN AND A LIST OF EXPENDITURES
PART II		LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION IS A GOVERNMENTAL ENTITY

Software ID:**Software Version:****EIN:** 34-1883284**Name:** LIMA MEMORIAL JOINT OPERATING COMPANY**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
TOLEDO CHILDREN'S HOSPITAL FOUNDATION 2142 N COVE BLVD TOLEDO, OH 43606	34-1901463	501(C)6	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
EQUESTRIAN THERAPY PROGRAM 22532 BOWSHER RD CRIDERSVILLE, OH 45806	34-1376159	501(C)3	10,000				THERAPY PROGRAM FOR CHILDREN WITH DISABILITIES

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA AREA FAMILY YMCA 345 S ELIZABETH ST LIMA, OH 45801	34-4431173	501(C)3	262,994				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
LIMA SYMPHONY ORCHESTRA 133 N ELIZABETH ST LIMA, OH 45807	34-4465022	501(C)3	12,000				COMMUNITY DEVELOPMENT SUPPORTING ARTS

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN RED CROSS 610 S COLLET ST LIMA, OH 45805	53-0196605	501(C)3	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
LIMA MEMORIAL FOUNDATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1707570	501(C)3	10,000				HEALTH INITIATIVE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION 130 W NORTH ST LIMA, OH 45801	99-9999999	SEE PART VI	5,000				COMMUNITY DEVELOPMENT
THE LIMA NEWS 3515 ELIDA RD LIMA, OH 45807	34-4466918		5,000				COMMUNITY HEALTH EDUCATION

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA MEMORIAL PROFESSIONAL CORPORATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1935236	501(C)3	6,537,686				GENERAL SUPPORT FOR RELATED TAX-EXEMPT ENTITY

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

OMB No 1545-0047

2011**Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

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

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

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

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

a Receive a severance payment or change-of-control payment?

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

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

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

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

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

a The organization?

b Any related organization?

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

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

a The organization?

b Any related organization?

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

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III

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

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	LIMA MEMORIAL JOINT OPERATING COMPANY PROVIDES SOCIAL CLUB DUES TO THE CEO, THEY ARE TREATED AS TAXABLE COMPENSATION
	PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATED IN AN IRC 457(F) NON-QUALIFIED DEFERRED COMPENSATION PLAN ERIC D PAHJALA \$4,869 ROBERT ARMSTRONG \$5,342 MIKE SWICK \$54,591 C LYNN THOMPSON \$13,176

**Schedule K
(Form 990)****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Supplemental Information on Tax Exempt Bonds**

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

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF LIMA-2007 BONDS	34-6400789	532567DH4	07-18-2007	25,000,000	SPIRIT OF CARING CAPITAL PROJECT		X		X		X
B CITY OF LIMA-2003 BONDS	34-6400789	532567DG6	04-10-2003	10,000,000	EMERGENCY CENTER CAPITAL PROJECT		X		X		X

Part II Proceeds

1	Amount of bonds retired	A		B		C		D		
		Yes	No	Yes	No	Yes	No	Yes	No	
2	Amount of bonds defeased									
3	Total proceeds of issue									
4	Gross proceeds in reserve funds									
5	Capitalized interest from proceeds									
6	Proceeds in refunding escrow									
7	Issuance costs from proceeds		317,693		178,783					
8	Credit enhancement from proceeds									
9	Working capital expenditures from proceeds									
10	Capital expenditures from proceeds		25,000,000		10,000,000					
11	Other spent proceeds									
12	Other unspent proceeds									
13	Year of substantial completion		2008		2004					
14	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Were the bonds issued as part of a current refunding issue?		X		X						
15	Were the bonds issued as part of an advance refunding issue?		X		X					
16	Has the final allocation of proceeds been made?	X		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X						

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
► Attach to Form 990 or 990-EZ.

2011**Open to Public
Inspection**Name of the organization
LIMA MEMORIAL JOINT OPERATING COMPANY**Employer identification number**
34-1883284

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE MEMBERS ARE LIMA MEMORIAL HOSPITAL AND PH VENTURES, INC , WHOSE SOLE MEMBER IS PROMEDICA HEALTH SYSTEM, BOTH OHIO NONPROFIT CORPORATIONS
	FORM 990, PART VI, SECTION B, LINE 11	THE AUDIT COMMITTEE OF THE BOARD REVIEWS AND APPROVES THE FORM 990, AND A COPY OF THE FORM 990 IS PROVIDED TO THE BOARD, PRIOR TO FILING THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR
	FORM 990, PART VI, SECTION B, LINE 12C	EACH TRUSTEE, PRINCIPAL OFFICER, AND MEMBER OF A COMMITTEE WITH BOARD-DELEGATED POWERS SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON 1) HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, 2) HAS READ AND UNDERSTANDS THE POLICY, 3) HAS AGREED TO COMPLY WITH THE POLICY, AND 4) UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION, IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES IF THE BOARD OR COMMITTEE HAS REASONABLE CAUSE TO BELIEVE THAT A MEMBER HAS FAILED TO DISCLOSE ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, IT SHALL INFORM THE MEMBER OF THE BASIS FOR SUCH BELIEF AND AFFORD THE MEMBER AN OPPORTUNITY TO EXPLAIN THE ALLEGED FAILURE TO DISCLOSE. IF, AFTER HEARING THE RESPONSE OF THE MEMBER AND MAKING SUCH FURTHER INVESTIGATION AS MAY BE WARRANTED IN THE CIRCUMSTANCES, THE BOARD OR COMMITTEE DETERMINES THAT THE MEMBER HAS IN FACT FAILED TO DISCLOSE AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST, IT SHALL TAKE APPROPRIATE DISCIPLINARY AND CORRECTIVE ACTION
	FORM 990, PART VI, SECTION B, LINE 15	THE PROCESS FOR DETERMINING THE ORGANIZATION'S CEO, OTHER OFFICERS AND KEY EMPLOYEES' COMPENSATION INCLUDES 1) REVIEW AND APPROVAL BY THE COMPENSATION COMMITTEE, 2) THE UTILIZATION OF AN INDEPENDENT COMPENSATION CONSULTANT, 3) COMPARABLE DATA, AND 4) CONTEMPORANEOUS DOCUMENTATION THIS PROCESS WAS LAST COMPLETED IN 2011
	FORM 990, PART VI, SECTION C, LINE 18	FORM 990 AND FORM 1023 ARE AVAILABLE UPON REQUEST
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE CURRENTLY NOT AVAILABLE TO THE PUBLIC
	FORM 990, PART VII	ESTIMATE OF OFFICERS' ALLOCATION OF HOURS WORKED FOR LIMA MEMORIAL JOINT OPERATING COMPANY RELATED ENTITIES LIMA MEMORIAL HOSPITAL -MICHAEL SWICK 1 -ROBERT E ARMSTRONG 1 -ERIC D POHJALA 1 -THOMAS FREYTAG, MC 1 -BARRETT RYDELL 1 -DEBRA MCCURDY, PHD 1 -HAROLD WARONKER 1 -JOHN JOHNSON 1 -KERMIT STROH 1 -LAWRENCE D BELL 1 -ROBERT L THOMPSON 1 ELM TREE FOUNDATION -MICHAEL SWICK 1 -ROBERT E ARMSTRONG 1 -ERIC D POHJALA 1 LIMA PROFESSIONAL CORPORATION -MICHAEL SWICK 4 -ROBERT E ARMSTRONG 9 -ERIC D POHJALA 5 -C LYNN THOMPSON, MD 20 -THOMAS FREYTAG, MC 40 -KERMIT STROH 1 -LAWRENCE D BELL 40
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -148,950 PRIOR PERIOD ADJUSTMENTS -5 IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT -60,028 INVESTMENT IN HEALTH PERFORMANCE MANAGEMENT COMPANY LLC -50,384 INVESTMENT IN LMHS WOMEN'S HEALTH CO-MANAGEMENT K-1 1,019 TOTAL TO FORM 990, PART XI, LINE 5 -258,348
	FORM 990, PART XII, LINE 2C EXPLANATION	THE AUDIT COMMITTEE ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT AND THE SELECTION OF THE INDEPENDENT ACCOUNTANT THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) LIMA MEMORIAL HOSPITAL 1001 BELLEFONTAINE AVENUE LIMA, OH 45804 34-4434676	HEALTHCARE	OH	501(C)(3)	170(B)(1)(A)(III)	N/A		No
(2) LIMA MEMORIAL HOSPITAL FOUNDATION 1001 BELLEFONTAINE AVENUE LIMA, OH 45804 34-1707570	SUPPORTING ORGANIZATION FOR LIMA MEMORIAL HOSPITAL	OH	501(C)(3)	509(A)(3)	N/A	Yes	
(3) LIMA MEMORIAL HOSPITAL AUXILIARY 1001 BELLEFONTAINE AVENUE LIMA, OH 45804 34-1694632	SUPPORTING ORGANIZATION FOR LIMA MEMORIAL HOSPITAL	OH	501(C)(3)	509(A)(3)	N/A	Yes	
(4) LIMA MEMORIAL PROFESSIONAL CORPORATION 1001 BELLEFONTAINE AVENUE LIMA, OH 45804 34-1935236	HEALTHCARE	OH	501(C)(3)	170(B)(1)(A)(III)	N/A	Yes	

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

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

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)
- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i	Yes	
1j	Yes	
1k		No
1l		No
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
1q		No
1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) LIMA MEMORIAL HOSPITAL FOUNDATION	C	202,835	CASH TRANSACTION
(2) LIMA MEMORIAL PROFESSIONAL CORPORATION	B	6,537,696	CASH TRANSACTION
(3) LIMA MEMORIAL PROFESSIONAL CORPORATION	I	270,937	LEASE CONTRACT
(4) ELM TREE FOUNDATION	J	105,618	LEASE CONTRACT
(5) LIMA MEMORIAL PROFESSIONAL CORPORATION	O	532,565	CASH TRANSACTION
(6) ELM TREE FOUNDATION	P	150,000	CASH TRANSACTION

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

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

Part VII Supplemental Information

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

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

Software ID:**Software Version:****EIN:** 34-1883284**Name:** LIMA MEMORIAL JOINT OPERATING COMPANY**Form 990, Schedule R, Part V - Transactions With Related Organizations**

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	LIMA MEMORIAL HOSPITAL FOUNDATION	C	202,835	CASH TRANSACTION
(2)	LIMA MEMORIAL PROFESSIONAL CORPORATION	B	6,537,696	CASH TRANSACTION
(3)	LIMA MEMORIAL PROFESSIONAL CORPORATION	I	270,937	LEASE CONTRACT
(4)	ELM TREE FOUNDATION	J	105,618	LEASE CONTRACT
(5)	LIMA MEMORIAL PROFESSIONAL CORPORATION	O	532,565	CASH TRANSACTION
(6)	ELM TREE FOUNDATION	P	150,000	CASH TRANSACTION

Lima Memorial Health System
(operating as Lima Memorial Hospital and Subsidiaries)

Consolidated Financial Report

December 31, 2011

Lima Memorial Health System

Contents

Report Letter |

Consolidated Financial Statements

Balance Sheet	2-3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-27



Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614 848 3000
Fax: 614 221 3535
plante|moran.com

Independent Auditor's Report

To the Board of Directors
Lima Memorial Health System
Lima, Ohio

We have audited the accompanying consolidated balance sheet of Lima Memorial Health System (operating as Lima Memorial Hospital and Subsidiaries) (the "Hospital") as of December 31, 2011 and 2010 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. We did not audit the financial statements of Lima Memorial Hospital Foundation, a controlled subsidiary of Lima Memorial Hospital, whose assets represent 3.2 and 3.3 percent of the total assets and 6.0 and 5.9 of total net assets of the Hospital as of December 31, 2011 and 2010. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to data included for Lima Memorial Hospital Foundation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lima Memorial Health System as of December 31, 2011 and 2010 and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

March 14, 2012

Praxity
Schoenbaum
CPA, LLC

Lima Memorial Health System

Consolidated Balance Sheet

	December 31	
	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 17,484,741	\$ 16,169,033
Patient accounts receivable	35,081,844	31,516,530
Less allowance for uncollectible accounts	<u>9,326,021</u>	<u>7,942,817</u>
Net patient accounts receivable	25,755,823	23,573,713
Supplies	4,582,297	4,693,773
Assets limited as to use or restricted - Pledges receivable (Note 5)	139,573	18,424
Prepaid expenses and other current assets	<u>3,556,639</u>	<u>1,562,192</u>
Total current assets	51,519,073	46,017,135
Assets Limited as to Use or Restricted (Note 5)		
By board designation	5,174,713	5,001,816
Other segregated investments	1,904,052	1,719,486
By donor restrictions	193,012	193,012
Pledges receivable	<u>337,105</u>	<u>590,022</u>
Total assets limited as to use or restricted	7,608,882	7,504,336
Long-term Investments (Note 6)	25,984,842	24,556,055
Property and Equipment - Net (Note 7)	91,980,077	95,020,877
Other Assets		
Deferred debt financing costs	475,900	509,201
Investments in affiliated organizations	377,802	400,943
Loans and other receivables - Net of allowance for uncollectible amounts of \$521,161 and \$749,556 in 2011 and 2010, respectively (Note 10)	<u>1,764,670</u>	<u>2,828,266</u>
Total other assets	<u>2,618,372</u>	<u>3,738,410</u>
Total assets	<u>\$ 179,711,246</u>	<u>\$ 176,836,813</u>

Lima Memorial Health System

Consolidated Balance Sheet (Continued)

	December 31	
	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 8)	\$ 32,490,793	\$ 33,017,948
Accounts payable	4,113,970	3,697,455
Accrued salaries and wages	2,233,582	1,896,608
Accrued compensated absences	3,377,150	3,710,386
Other accrued expenses	1,025,003	618,071
Estimated amounts due to third-party payors	2,830,713	2,688,360
Self-insurance liabilities (Note 9)	<u>3,908,793</u>	<u>3,042,017</u>
 Total current liabilities	 49,980,004	 48,670,845
Long-term Debt - Less current portion (Note 8)	13,948,055	15,228,848
Other Liabilities		
Accrued pension liability	2,208,887	1,949,335
Interest rate swaps (Note 11)	12,704,306	7,791,365
Self-insurance liabilities (Note 9)	948,642	690,000
Asbestos liability (Note 1)	2,821,856	2,781,632
Accumulated loss in excess of investment in affiliated organizations	<u>334,907</u>	<u>466,178</u>
 Total other liabilities	 <u>19,018,598</u>	 <u>13,678,510</u>
 Total liabilities	 <u>82,946,657</u>	 <u>77,578,203</u>
Net Assets		
Unrestricted	96,061,643	98,386,949
Temporarily restricted	504,934	678,649
Permanently restricted	<u>198,012</u>	<u>193,012</u>
 Total net assets	 <u>96,764,589</u>	 <u>99,258,610</u>
 Total liabilities and net assets	 <u>\$ 179,711,246</u>	 <u>\$ 176,836,813</u>

Lima Memorial Health System

Consolidated Statement of Operations

	Year Ended December 31	
	2011	2010
Revenue		
Net patient service revenue	\$ 175,595,789	\$ 168,075,674
Other revenue	1,714,442	1,616,705
 Total revenue	 177,310,231	 169,692,379
Expenses		
Salaries and wages	66,440,647	64,292,379
Employee benefits	19,056,207	18,857,180
Medical fees	2,374,708	1,882,900
Supplies	23,997,580	23,375,794
Pharmaceuticals	7,529,105	8,081,935
Utilities	2,665,365	2,753,914
Purchased services	22,642,039	19,086,636
Insurance	1,579,274	2,141,274
Depreciation	9,558,760	9,900,107
Interest and amortization	2,137,219	2,133,251
Provision for bad debts	9,774,148	9,228,100
Miscellaneous expense	7,354,551	6,624,883
 Total expenses (Note 14)	 175,109,603	 168,358,353
Operating Income	2,200,628	1,334,026
Other Income (Expense)		
Investment income (Note 5)	622,536	482,260
Change in fair value of derivative instruments (Note 11)	(4,912,941)	(1,668,869)
Unrealized gains and losses on trading securities (Note 5)	(291,883)	1,053,018
Contributions	76,565	100,491
Other expense	(318,018)	(504,029)
 Total other expense	 (4,823,741)	 (537,129)
Excess of Revenue (Under) Over Expenses	 (2,623,113)	 796,897
Net Assets Released from Restrictions for Property and Equipment	363,835	591,605
Pension - Change other than net periodic pension costs	(66,028)	(90,214)
Increase in Unrestricted Net Assets	\$ (2,325,306)	\$ 1,298,288

Lima Memorial Health System

Consolidated Statement of Changes in Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - January 1, 2010	\$ 97,088,661	\$ 958,357	\$ 193,012	\$ 98,240,030
Excess of revenue over expenses	796,897	-	-	796,897
Restricted contributions	-	301,659	-	301,659
Change in net unrealized gains on securities	-	10,238	-	10,238
Net assets released from restrictions for property and equipment	591,605	(591,605)	-	-
Pension - Change other than net periodic pension costs	(90,214)	-	-	(90,214)
Increase (Decrease) in Net Assets	1,298,288	(279,708)	-	1,018,580
Balance - December 31, 2010	98,386,949	678,649	193,012	99,258,610
Excess of revenue under expenses	(2,623,113)	-	-	(2,623,113)
Restricted contributions	-	252,554	5,000	257,554
Change in net unrealized losses on securities	-	(62,434)	-	(62,434)
Net assets released from restrictions for property and equipment	363,835	(363,835)	-	-
Pension - Change other than net periodic pension costs	(66,028)	-	-	(66,028)
(Decrease) Increase in Net Assets	(2,325,306)	(173,715)	5,000	(2,494,021)
Balance - December 31, 2011	\$ 96,061,643	\$ 504,934	\$ 198,012	\$ 96,764,589

Lima Memorial Health System

Consolidated Statement of Cash Flows

	Year Ended December 31	
	2011	2010
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (2,494,021)	\$ 1,018,580
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation and amortization	9,592,061	9,963,935
Provision for bad debts	9,774,148	9,228,100
Increase (decrease) in allowance on loans and other receivables	1,551,596	(1,692,344)
Change in net unrealized gains and losses on trading securities	354,317	(1,063,256)
Pension - Change other than net periodic pension costs	66,028	90,214
Change in value of derivative instruments	4,912,941	1,668,869
Equity in gains of investments in affiliated organizations	(108,130)	(424,990)
Restricted contributions	(257,554)	(301,659)
Changes in:		
Patient accounts receivable	(11,956,258)	(10,204,394)
Supplies, prepaid expenses, and other current assets	(2,370,968)	12,423
Accounts payable, other accrued expenses, and other current liabilities	1,690,223	986,681
Accrued salaries, wages, and compensated absences	3,738	924,509
Estimated amounts due to third-party payors	142,353	(372,804)
Other liabilities	492,389	496,329
	11,392,863	10,330,193
Net cash provided by operating activities	11,392,863	10,330,193
Cash Flows from Investing Activities		
Acquisition of property and equipment	(6,517,962)	(6,321,092)
Sales of investments	2,034	1,343
Purchases of investments	(2,142,601)	(12,343,230)
	(8,658,529)	(18,662,979)
Net cash used in investing activities	(8,658,529)	(18,662,979)
Cash Flows from Financing Activities		
Restricted contributions	257,554	301,659
Change in pledges	131,768	316,765
Repayment of long-term debt	(1,807,948)	(4,395,523)
	(1,418,626)	(3,777,099)
Net cash used in financing activities	(1,418,626)	(3,777,099)
Increase (Decrease) in Cash and Cash Equivalents	1,315,708	(12,109,885)
Cash and Cash Equivalents - Beginning of year	16,169,033	28,278,918
Cash and Cash Equivalents - End of year	<u>\$ 17,484,741</u>	<u>\$ 16,169,033</u>
Supplemental Disclosure of Cash Flow Information -		
Cash paid for interest	<u>\$ 2,112,735</u>	<u>\$ 2,150,050</u>

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies

Organization and Principles of Consolidation - Lima Memorial Health System was formed in 1999 for the purpose of operating and managing Lima Memorial Hospital, an acute-care hospital, and its subsidiary corporations. The members of Lima Memorial Health System are Lima Memorial Hospital (LMH) and PH Ventures, Inc., whose sole member is ProMedica Health System, both Ohio nonprofit corporations.

As part of the formation of Lima Memorial Health System, LMH has agreed to have Lima Memorial Health System become the provider of services at the LMH facility. Pursuant to the joint operating agreement (the "Agreement") between Lima Memorial Health System, LMH, and PH Ventures, Inc., Lima Memorial Health System shall have complete control of the operation of LMH, subject to certain reserved powers.

The accompanying consolidated financial statements are those of Lima Memorial Health System (hereinafter referred to as the "Hospital") operating LMH and its subsidiary corporations. The subsidiary corporations consist of Lima Memorial Professional Corporation, Elm Tree Foundation, Lima Memorial Hospital Foundation, and Lima Memorial Hospital Auxiliary.

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

Cash and Cash Equivalents - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts included with assets limited as to use or restriction.

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

Supplies - Supplies are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk - Financial instruments which potentially subject the Hospital to concentrations of credit risk consist principally of cash and cash equivalents, patient accounts receivable, and assets limited as to use or restricted.

Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of the Hospital's patients and payors. Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private-pay patients, and other group insurance programs. No one payor source, excluding governmental programs, represents more than 10 percent of the Hospital's patient accounts receivable. The Hospital maintains an allowance for losses based on the expected collectibility of patient accounts receivable.

Assets Limited as to Use or Restricted - Assets limited as to use or restricted include assets set aside and limited by the board of directors as to their use, assets limited as to use under bond indenture agreements, other segregated investments, and assets with donor stipulations as to their use.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specially restricted by the donor or by applicable state law. Investments are considered trading securities with the unrealized gains and losses included in the excess of revenue (under) over expenses.

Property and Equipment - Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of acquisition. Depreciation of property and equipment held under capital leases is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment are reviewed for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are separately presented in the consolidated balance sheet, reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies (Continued)

Costs of Borrowing - Deferred debt financing costs are amortized over the period the obligation is outstanding using the straight-line method, which does not materially differ from the effective interest method.

Investments in Affiliated Organizations - The Hospital has various investments in affiliated organizations, which are accounted for on the equity basis of accounting. Investments in affiliations of greater than 20 percent, but not majority owned or controlled, are recorded on the equity method of accounting. The Hospital recognizes its portion of the gains (losses) of these investments in other miscellaneous operating expense on the consolidated statement of operations. The gains recognized were \$108,130 and \$424,990 in 2011 and 2010, respectively.

The Hospital is a 50 percent partner in North Central Ohio Physician Services (NCOPS) and treats its investment in NCOPS under the equity method. The Hospital guarantees 50 percent of NCOPS' outstanding line of credit (\$656,223 at December 31, 2011). The maximum potential future payment the Hospital could be required to make under the guarantee is \$328,112. The line of credit is backed by the assets of both 50 percent partners in NCOPS.

Pledges - Unconditional promises to give are reported at fair value at the date the promise is received as receivables less an allowance for uncollectible amounts. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restriction. Total pledge receivables were \$485,430 and \$620,466 as of December 31, 2011 and 2010, respectively, with an allowance of \$8,752 and \$12,020 as of December 31, 2011 and 2010, respectively. The pledges are discounted at a rate 4.5 percent per year.

Self-insurance Costs - The Hospital is self-insured for unemployment, workers' compensation, and employee health insurance. The estimated self-insurance costs include estimates of the ultimate costs for both reported claims and claims incurred but not reported on an undiscounted basis.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies (Continued)

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those net assets whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions. At December 31, 2011 and 2010, the Hospital has approximately \$505,000 and \$679,000, respectively, of net assets temporarily restricted for capital purposes.

Net Patient Service Revenue - Net patient service revenue is recognized in the period services are performed and is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care; they are not reported as net patient revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses (less bad debt expense) divided by gross patient service revenue. The Hospital estimates that it provided \$7,457,000 and \$7,268,000 of costs for services to charity care patients during 2011 and 2010, respectively. The Hospital received \$1,511,000 and \$1,691,000 in net distributions from the Ohio Medicaid HCAP program in 2011 and 2010, respectively.

Excess of Revenue (Under) Over Expenses - The consolidated statement of operations includes excess of revenue (under) over expenses, which is the operating indicator for the Hospital. Changes in unrestricted net assets, which are excluded from excess of revenue (under) over expenses consistent with industry practice, include pension change other than net periodic pension costs and net assets released from restrictions for property and equipment.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies (Continued)

Derivative Instruments - The Hospital applies the provisions of the FASB standards related to the accounting for derivative instruments and certain hedging activities. The standards require that all derivative instruments be recorded on the consolidated balance sheet at their respective fair values. The interest rate swaps have not been designated as hedges for accounting purposes. Therefore, changes in the value of the interest rate swap are recorded in other income (expense) as a component of excess of revenue over(under) expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status - The Hospital, Lima Memorial Professional Corporation, Lima Memorial Hospital Foundation, and Lima Memorial Hospital Auxiliary are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes pursuant to Section 501(a) of the Code. Elm Tree Foundation, the for-profit subsidiary, is a taxable corporation. Elm Tree Foundation had net operating loss carryforwards of \$146,157 and \$123,122 on its filed income tax returns in 2011 and 2010, respectively. The Hospital files federal and state tax returns and is no longer subject to federal, state, or local income tax examinations by tax authorities for the years before fiscal year 2008.

Asbestos Liability - The Hospital adopted the FASB standards for accounting for conditional asset retirement obligations. The standards state that the obligation to perform an asset retirement activity is unconditional if there is a legal obligation to perform the retirement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be estimated.

The fair value of legal obligations to perform asset retirement obligations that are conditional on a future event has been estimated in accordance with the FASB standards. Legal obligations to perform asset retirement obligations relate primarily to asbestos-containing building materials.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note I - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments - The following methods and assumptions were used by the Hospital to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:

- **Cash and Cash Equivalents** - The carrying amount approximates fair value because of the short maturity of those instruments.
- **Investments** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices.
- **Assets Limited as to Use** - These assets consist primarily of cash and investments and interest receivable. The carrying amount reported in the consolidated balance sheet represents fair value.
- **Accounts Receivable, Accounts Payable, and Accrued Liabilities** - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.
- **Estimated Third-party Payor Settlements - Net** - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates its fair value.
- **Interest Rate Swaps** - The carrying amount reported in the consolidated balance sheet for interest rate swaps approximates their fair value. The fair value of the Hospital's interest rate swaps was determined by an independent party.
- **Long-term Debt** - The fair value of long-term debt is based on current rates at which the Hospital could borrow funds with similar remaining maturities.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 1 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements - During 2011, the FASB adopted Accounting Standard Update (ASU) 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, establishing accounting and disclosures for healthcare entities recognizing significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU change the presentation of the statement of operations and add new disclosures that are not required under current GAAP for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. The ASU is effective for the Hospital for the year ending December 31, 2012, with early adoption permitted. The Hospital did not adopt this policy in 2011. The Hospital is currently assessing the impact this new standard will have on its consolidated financial statements.

The Hospital has adopted Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, for the year ended December 31, 2011. In accordance with the ASU, the accrued liability for malpractice claims and similar liabilities and the related insurance recovery receivable, if applicable, will be presented separately on the balance sheet on a gross basis. Prior guidance allowed the liability to be reported net of the estimated insurance recovery receivable. The implementation of the ASU did not result in any 2010 reclassifications on the consolidated balance sheet and there was no impact on the beginning net assets.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including March 14, 2012, which is the date the consolidated financial statements were available to be issued.

Note 2 - Cash in Excess of Insured Limits

The Hospital and its subsidiaries maintain cash and investment balances at several financial institutions located in the vicinity of Lima, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and insured 100 percent for noninterest-bearing amounts as of December 31, 2011 and 2010 per institution. As of December 31, 2011 and 2010, the uninsured cash balances total approximately \$6,003,000 and \$6,010,000, respectively.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 3 - Net Patient Service Revenue

Revenue from Medicare and Medicaid programs accounted for approximately 46 percent of the Hospital's net patient revenue for the years ended December 31, 2011 and 2010. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

(a) Medicare

Under the Medicare program, inpatient services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. The RAC program began for Ohio hospitals in 2010. The Hospital received several audit requests throughout the year. The audits completed have resulted in minimal paybacks; however, if selected for further audits, the potential exists for significant overpayments or underpayments of claims. The Hospital is unable to determine the extent of future liability for any overpayments found during the audits.

(b) Medicaid and Other Third-party Payors

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fixed reimbursement methodology. The Hospital is reimbursed at a tentative rate for capital with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

(c) Commercial

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

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 3 - Net Patient Service Revenue (Continued)

Final reimbursement under the Medicare and Medicaid programs is subject to audit by fiscal intermediaries. Although these audits may result in some changes in amounts reimbursed, they are not expected to have a material impact on the accompanying consolidated financial statements. The effect of prior year settlements received in 2011 and 2010 resulted in an increase in net revenue of approximately \$1,545,000 and \$1,474,000, respectively. Program examinations of cost reports have been finalized for the Medicare program through December 31, 2006 and the Medicaid program through December 31, 2005. The 2007, 2008, 2009 and 2010 Medicare cost reports are finalized with the exception of the supplemental security income percentage.

Note 4 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are generally insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2011 and 2010 is as follows:

	Percent	
	2011	2010
Commercial insurance	39	38
Medicare	29	28
Medicaid	18	20
Self-pay	12	12
Other	2	2
Total	100	100

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 5 - Assets Limited as to Use or Restricted

The composition of assets limited as to use or restricted at December 31, 2011 and 2010 is set forth in the following table. Investments are stated at fair value.

	2011	2010
Cash and money market funds	\$ 320,985	\$ 174,617
Certificates of deposit	574,953	1,168,044
U.S. corporate bonds	1,569,047	814,383
Mutual funds	4,806,792	4,757,270
Pledges receivable - Net	<u>476,678</u>	<u>608,446</u>
 Total	 <u>\$ 7,748,455</u>	 <u>\$ 7,522,760</u>

Investment income, including gains and losses for assets limited as to use, investments, and cash and cash equivalents, is comprised of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Investment income	\$ 622,536	\$ 482,260
Net unrealized (loss) gain on trading securities (unrestricted)	(291,883)	1,053,018
Net unrealized (loss) gain on trading securities (temporarily restricted)	(62,434)	10,328

Note 6 - Long-term Investments

Long-term investments are stated at market value and consist of the following:

	2011	2010
Mutual funds - Equities	\$ 4,625,996	\$ 4,180,061
Mutual funds - Alternative	355,205	-
Mutual funds - Fixed income	<u>21,003,641</u>	<u>20,375,994</u>
 Total	 <u>\$ 25,984,842</u>	 <u>\$ 24,556,055</u>

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 7 - Property and Equipment

A summary of property and equipment at December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 5,361,073	\$ 5,127,350
Buildings and improvements	141,933,536	141,738,946
Equipment	<u>64,897,251</u>	<u>61,526,379</u>
 Total	 212,191,860	208,392,675
 Less accumulated depreciation	 <u>121,428,667</u>	<u>113,371,798</u>
 Net	 90,763,193	95,020,877
 Construction in progress	 <u>1,216,884</u>	-
 Total	 <u>\$ 91,980,077</u>	<u>\$ 95,020,877</u>

Depreciation expense, including assets under capital leases, totaled \$9,558,760 and \$9,900,107 in 2011 and 2010, respectively. Cost and accumulated depreciation for equipment under capital lease obligations was \$5,606,722 and \$4,139,421 for 2011 and 2010, respectively. As of December 31, 2011, the Hospital had a signed commitment of approximately \$3,300,000 for computer system upgrade.

Note 8 - Long-term Debt

Long-term debt at December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Hospital Facilities Improvement Revenue Bonds, Series 2007 (Series 2007 Bonds); bearing interest at a variable rate based on 68 percent of LIBOR (.13 percent at December 31, 2011 and .36 percent at December 31, 2010), maturing in varying amounts through March 1, 2037	\$ 25,000,000	\$ 25,000,000

Lima Memorial Health System

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 8 - Long-term Debt (Continued)

	2011	2010
Hospital Facilities Improvement Revenue Bonds, Series 2003 (Series 2003 Bonds), bearing interest at a variable rate based on 70 percent of LIBOR (.10 percent at December 31, 2011 and .33 percent at December 31, 2010), maturing in varying amounts through 2023	\$ 6,425,000	\$ 6,935,000
Hospital Facilities Improvement Revenue Bonds, Series 2000 (Series 2000 Bonds), bearing interest at a variable rate based on 65.5 percent of LIBOR (.47 percent at December 31, 2011 and .46 percent at December 31, 2010), maturing in varying amounts through April 1, 2014	6,802,500	6,852,500
Hospital Facilities Improvement Revenue Bonds, Series 2000 (Series 2000 Bonds), bearing interest at a variable rate based on 65.5 percent of LIBOR (.47 percent at December 31, 2011 and .46 percent at December 31, 2010), maturing in varying amounts through January 1, 2015	2,832,500	3,635,000
Mortgage on physician office building #3, payable in monthly principal installments of \$12,500 beginning in January 2006, bearing interest at a variable rate (2.13 percent at December 31, 2011 and 2.11 percent at December 31, 2010), maturing on December 10, 2025	4,995,000	5,195,000
Capital leases on various Hospital equipment, with implicit rates ranging from 3.88 to 4.39 percent, and payments through 2014	<u>383,848</u>	<u>629,296</u>
Total long-term debt	46,438,848	48,246,796
Less current portion of long-term debt	<u>32,490,793</u>	<u>33,017,948</u>
Long-term debt - Less of current portion	<u>\$ 13,948,055</u>	<u>\$ 15,228,848</u>

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 8 - Long-term Debt (Continued)

The Series 2007 Bonds represent bonds issued by the City of Lima, Ohio (the "City") for the purpose of construction and equipment for a surgery expansion and renovation, obstetrics level II, completion of shell space, and remodeling existing patient rooms. The Series 2007 Bonds mature in semiannual installments ranging from \$670,000 in 2015 to \$1,580,000 in 2037. The Series 2007 Bonds are backed by a letter of credit, which has an available balance of \$25,239,727 at December 31, 2011. The letter of credit expires on July 8, 2014.

The Series 2003 Bonds represent bonds issued by the City for the purpose of constructing a new emergency department at the Hospital. The Series 2003 Bonds mature in semiannual installments ranging from \$500,000 in 2010 to \$290,000 in 2023. The Series 2003 Bonds are backed by a letter of credit, which has an available balance of \$6,505,313 at December 31, 2011. The letter of credit expires on July 8, 2014.

The Series 2000 Bonds represent \$7,000,000 of bonds issued by the Village of Fort Shawnee, Ohio and \$8,000,000 of bonds issued by the Village of Elida, Ohio (the "Villages") for the purpose of redeeming, constructing, improving, and equipping Hospital facilities. The Series 2000 Bonds - Ft. Shawnee mature in quarterly installments ranging from \$765,000 in 2010 to \$303,334 in 2015. The Series 2000 Bonds - Elida mature in quarterly installments with final principal payment due in 2014. The Hospital's intent is to extend the maturity date to match the principal maturity date.

The variable rate Series 2007 and 2003 Bonds are remarketed on a weekly basis. Should the remarketing agent be unable to remarket the Series 2007 or 2003 Bonds based on its best efforts, these bonds would be "put" back to the bond trustee, who would draw down on a letter of credit to pay down the failed remarketed bonds. The reimbursement agreement between the letter of credit bank and the Hospital provides for the Hospital to reimburse the letter of credit bank for any remarketing draws by the earlier of six months or by the termination date of the letter of credit, as long as no events of default under the bond agreement have occurred. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after December 31, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheet. Although the bonds provide for repayment over the terms indicated above, the reimbursement provisions of the letters of credit require the bonds to be classified as current liabilities in the consolidated balance sheet.

The Series 2007 and 2003 Bonds have been successfully remarketed; however, due to the state of the current market conditions, management is unable to assess whether the bonds will continue to be successfully remarketed in the future. Further, management is not aware of any events of default in connection with the Series 2007, 2003, and 2000 Bonds.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 8 - Long-term Debt (Continued)

In connection with the Series 2007, Series 2003, and Series 2000 Bonds, the City and the Villages, as lessors, and the Hospital, as lessee, each entered into lease agreements for the facilities financed with the proceeds of the bonds. Under the terms of the agreements, the Hospital leased property acquired through the issuance of debt to the City and the Villages and entered into a sublease, the terms of which constitute lease-purchase contracts with the leases terminating upon full payment of the revenue bonds issued by the City. The title of the leased property remains with the Hospital throughout the lease term. Additionally, the terms of the leases provide for the establishment and maintenance of certain funds under the control of the trustee into which the Hospital is to make regular rental payments to cover principal and interest on the Series 2007, 2003, and 2000 Bonds. Accordingly, such premises, together with the bond indebtedness, are included in the accompanying consolidated financial statements as assets and liabilities of the Hospital. Under the terms of the leases and indentures of trust, the Hospital has pledged the City and the Villages an interest in the Hospital's revenue (as defined) as security for such rental.

Expected scheduled principal repayments on long-term debt for the next five years and thereafter are as follows:

2012	\$ 1,585,793
2013	1,827,477
2014	8,587,243
2015	1,783,335
2016	1,375,000
Thereafter	<u>31,280,000</u>
 Total	 <u>\$ 46,438,848</u>

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 9 - Professional Liability

The Hospital maintains a claims-made professional liability insurance policy. The policy provides for coverage on a claims-made basis up to \$1,000,000 per incident, with a \$5,000,000 aggregate annual limit and a \$100,000 deductible per claim. Additionally, the Hospital maintains a \$20,000,000 umbrella policy. A liability associated with exposure for professional liability claims of \$2,135,285 and \$1,656,614 is recorded within self-insured liabilities on the consolidated balance sheet at December 31, 2011 and 2010, respectively. In addition, the Hospital has estimated a receivable from its insurance carrier for payment of those claims. The receivable is estimated at \$488,000. The Hospital discounted these liabilities and receivable at a rate of 3.0 percent as of December 31, 2011 and 2010. Management believes that it is adequately reserved for professional liability exposures and that all pending litigation will be resolved without a material adverse effect on the Hospital's financial position or results of operations.

Note 10 - Loans and Other Receivables

Loans and other receivables are made for educational support, physician recruitment, and practice support. These arrangements include educational assistance to medical students based on their intent to practice within the Hospital's geographic area upon graduation. In addition, certain independent physicians are provided educational loans or guarantees of income of varying terms by the Hospital as financial assistance during the initial stages of their practice development. Also, the Hospital provides physicians with advances that must be repaid under terms specified in a note payable. The net balances of receivables under the arrangements included within loans and other receivables in the consolidated balance sheet were \$80,954 (net of an allowance of \$521,161) and \$91,274 (net of an allowance of \$749,556) at December 31, 2011 and 2010, respectively. For the years ended December 31, 2011 and 2010, the Hospital expensed \$227,487 and \$114,526, respectively, in connection with the physician income guarantee loans. Maximum estimated guarantees under the guarantee arrangements at December 31, 2011 were \$137,387.

Note 11 - Derivative Instruments

The Hospital enters into interest rate swap agreements to reduce the potential impact of increases in interest rates of variable rate long-term debt.

The Hospital entered into an interest rate swap agreement effective in 2003 whereby the Hospital pays a fixed rate of 3.07 percent and receives a floating rate equal to 70 percent of the one-month LIBOR. The notional amount decreases based on scheduled payments of the Series 2003 Bonds and matures in June 2023. The notional value at December 31, 2011 and 2010 is equal to the outstanding principal of the Series 2003 Bonds of \$6,425,000 and \$6,935,000, respectively.

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 11 - Derivative Instruments (Continued)

The Hospital entered into an interest rate swap agreement effective December 10, 2004, whereby the Hospital pays a fixed rate of 5.115 percent and receives a floating rate equal to LIBOR plus 1.50 percent per annum. The notional amount is equal to the outstanding principal on the mortgage, which is \$4,995,000 and \$5,195,000 at December 31, 2011 and 2010, respectively. The notional value decreases based on scheduled payments of the mortgage loan on the physician office building #3 through 2025.

The Hospital entered into an interest rate swap agreement effective April 1, 2007, whereby the Hospital pays a fixed rate of 3.64 percent and receives a floating rate equal to 65.5 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2000 Ft. Shawnee bonds of \$2,832,500 and \$3,635,000 at December 31, 2011 and 2010, respectively. The notional value decreases based on scheduled payments on the Ft. Shawnee bonds and matures in January 2015.

The Hospital entered into an interest rate swap agreement effective April 1, 2007, whereby the Hospital pays a fixed rate of 3.80 percent and receives a floating rate equal to 65.5 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2000 Elida bonds of \$6,802,500 and \$6,852,500 at December 31, 2011 and 2010, respectively. The notional value decreases based on scheduled payments on the Elida bonds and matures in April 2026.

The Hospital entered into an interest rate swap agreement effective August 1, 2007, whereby the Hospital pays a fixed rate of 4.17 percent and receives a floating rate equal to 68.0 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2007 bonds of \$25,000,000 at December 31, 2011 and 2010. The notional value decreases based on scheduled payments on the 2007 bonds and matures in March 2037.

The one-month LIBOR ranged from 0.19 to 0.35 percent (average rate of 0.23 percent) in 2011. Payments equal to the differential between the amounts due to and from the financial institution are computed and exchanged quarterly and are recorded within interest expense. The change in fair value is included in other income and expense in the consolidated statement of operations for 2011 and 2010.

As of December 31, the fair value of derivatives held was as follows:

	Liability Derivatives	
	2011	2010
Interest rate swaps	\$ 12,704,306	\$ 7,791,365

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 11 - Derivative Instruments (Continued)

Liability derivatives are reported on the consolidated balance sheet as interest rate swaps.

For the years ended December 31, 2011 and 2010, the amounts of gain or loss recognized in the consolidated statement of operations attributable to derivative instruments and their locations in the consolidated statement of operations are as follows:

	Amount of Loss	
	2011	2010
Change in fair value of derivative instruments	\$ <u>(4,912,941)</u>	\$ <u>(1,668,869)</u>

Note 12 - Related Party Transactions

The Hospital has entered into various agreements in the normal course of business for banking services with companies for which certain officers of these companies are also members of the Hospital's board of directors.

Note 13 - Lease Obligations

The Hospital leases various equipment or space under noncancelable operating leases expiring in various years through 2020. Total rental expense amounted to approximately \$2,428,143 and \$2,156,322 for 2011 and 2010, respectively. Future minimum payments under the operating leases with initial terms in excess of one year as of December 31, 2011 are as follows:

2012	\$ 1,131,564
2013	832,708
2014	706,420
2015	706,420
2016	400,000
2017-2020	400,000

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 14 - Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are as follows:

	2011	2010
Healthcare services	\$ 115,924,375	\$ 108,844,037
General and administrative	<u>59,185,228</u>	<u>59,514,316</u>
Total expenses	<u>\$ 175,109,603</u>	<u>\$ 168,358,353</u>

Note 15 - Fair Value Measurements

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

The following tables present information about the Hospital's assets and liabilities measured at fair value on a recurring basis at December 31, 2011 and 2010 and the valuation techniques used by the Hospital to determine those fair values.

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

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

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

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

Lima Memorial Health System

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 15- Fair Value Measurements (Continued)

Disclosures concerning assets and liabilities measured at fair value are as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Assets				
Cash and cash equivalents -				
Short duration	\$ 6,002,720	\$ -	\$ -	\$ 6,002,720
Assets limited to use:				
U.S. corporate bonds	1,569,047	-	-	1,569,047
Mutual funds - Equity:				
U.S.	2,238,441	-	-	2,238,441
Non-U.S.	1,191,723	-	-	1,191,723
Mutual funds - Bonds:				
U.S.	22,590			22,590
Non-U.S.	25,114			25,114
Mutual funds - Fixed income:				
Short duration	952,300	-	-	952,300
Core	376,624	-	-	376,624
Total mutual funds	4,806,792	-	-	4,806,792
Pledge receivable -				
Beneficial interest in charitable remainder trust	-	-	324,306	324,306
Total assets limited to use	6,375,839		324,306	6,700,145
Long term investments:				
Mutual funds - Equity:				
Large-cap	2,070,232	-	-	2,070,232
Small/Mid-cap	1,266,047	-	-	1,266,047
Non-U.S.	1,289,717	-	-	1,289,717
Total mutual funds -				
Equity	4,625,996	-	-	4,625,996
Mutual funds - Alternative	355,205			355,205
Mutual funds - Fixed income:				
Core	7,460,251	-	-	7,460,251
Short duration	13,543,390	-	-	13,543,390
Total mutual funds -				
Fixed income	21,003,641	-	-	21,003,641
Total long-term investments	25,984,842	-	-	25,984,842
Liabilities - Interest rate swaps	-	12,704,306	-	12,704,306

Lima Memorial Health System

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 15 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Assets				
Cash and cash equivalents - Short duration	\$ 6,010,399	\$ -	\$ -	\$ 6,010,399
Assets limited to use:				
U.S. corporate bonds	814,383	-	-	814,383
Mutual funds - Equity:				
U.S.	2,764,328	-	-	2,764,328
Non-U.S.	985,789	-	-	985,789
Mutual funds - Fixed income:				
Short duration	452,572	-	-	452,572
Core	554,581	-	-	554,581
Total mutual funds	4,757,270	-	-	4,757,270
Pledge receivable - Beneficial interest in charitable remainder trust	-	-	386,740	386,740
Total assets limited to use	5,571,653	-	386,740	5,958,393
Long term investments:				
Mutual funds - Equity:				
Large-cap	2,286,925	-	-	2,286,925
Small/Mid-cap	742,262	-	-	742,262
Non-U.S.	1,150,874	-	-	1,150,874
Total mutual funds- Equity	4,180,061	-	-	4,180,061
Mutual funds - Fixed income:				
Core	8,044,708	-	-	8,044,708
Short duration	12,331,286	-	-	12,331,286
Total mutual funds - Fixed income	20,375,994	-	-	20,375,994
Total long-term investments	24,556,055	-	-	24,556,055
Liabilities - Interest rate swaps	-	7,791,365	-	7,791,365

Lima Memorial Health System

Notes to Consolidated Financial Statements **December 31, 2011 and 2010**

Note 15 - Fair Value Measurements (Continued)

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

Balance at January 1, 2010	\$ 376,502
Total unrealized gains for 2010	<u>10,238</u>
Balance at December 31, 2010	386,740
Total unrealized gains for 2011	<u>(62,434)</u>
Balance at December 31, 2011	<u>\$ 324,306</u>

Of the Level 3 assets that were still held by the Hospital at December 31, 2011, the unrealized gains are recognized within excess of revenue (under) over expenses. The Hospital estimates the fair value of the beneficial interest in charitable remainder trust based upon the present value of the expected future cash flows using management's best estimates of key assumptions including payment periods and discount rates commensurate with the current market and other risk involved.

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers between levels for the years ended December 31, 2011 and 2010.

Additional Data

Software ID:

Software Version:

EIN: 34-1883284

Name: LIMA MEMORIAL JOINT OPERATING COMPANY

Form 990, Special Condition Description:

Special Condition Description
