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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

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
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
ELKHART GENERAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 EAST BLVD

City or town, state or country, and ZIP + 4
ELKHART, IN 46514

D Employer identification number
35-0877574

E Telephone number
(574) 523-3208

G Gross receipts $ 301,243,858

F Name and address of principal officer
GREGORY LOSASSO PRESIDENT
600 EAST BLVD
ELKHART, IN 46514

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 EGH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1909

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Elkhart General is a not-for profit hospital governed by a Board of Directors comprised of community volunteers Emphasis is placed on ensuring everyone in the community receives the health care they need

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**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,431
6	Total number of volunteers (estimate if necessary)	**6**	304
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,581,482
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-234,241

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	103,273	134,135
9	Program service revenue (Part VIII, line 2g)	258,542,709	244,738,131
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,521,669	10,965,156
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,991,267	5,675,770
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	266,158,918	261,513,192
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	150,720
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)	119,711,865	118,395,670
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	138,580,864	146,860,167
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	258,292,729	265,406,557
19	Revenue less expenses Subtract line 18 from line 12	7,866,189	-3,893,365
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	412,102,223	396,503,204
21	Total liabilities (Part X, line 26)	142,914,170	180,798,559
22	Net assets or fund balances Subtract line 21 from line 20	269,188,053	215,704,645

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 — Date: 2012-11-15

Jefferey Costello CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4
ERNST & YOUNG US LLP
111 MONUMENT CIRCLE SUITE 2600
INDIANAPOLIS, IN 46204

EIN ▶

Phone no ▶ (317) 681-7000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO CREATE A HEALTHIER COMMUNITY BY BEING A PREMIER PROVIDER OF HEALTHCARE, PROMOTING THE HEALTH AND WELL BEING OF INDIVIDUALS AND FAMILIES BY PROVIDING EDUCATION THAT MAY AID IN DETECTION AND PREVENTION OF DISEASE, CONDUCTING OUR ACTIVITIES WITH COMPASSION AND RESPECT, ACTING WITH RECOGNITION THAT HEALTH IS WHOLISTIC AND EMBRACES THE BODY, MIND, AND SPIRIT, SEEKING AND PARTNERING WITH THOSE WHO SHARE OUR MISSION, CONTINUOUSLY IMPROVING THE QUALITY AND COST-EFFECTIVENESS OF OUR SERVICES, MAINTAINING THE FINANCIAL VIABILITY OF THE HOSPITAL WHILE CONTINUING OUR CHARITABLE ROLE IN THE COMMUNITY

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 $ 240,178,772 including grants of $ 150,720) (Revenue $ 247,042,391)

For over 100 years, Elkhart General Hospital has been providing comprehensive, advanced medical care to Elkhart and surrounding communities Each year, particular emphasis is placed on making sure everyone in the community received the health care they need, not necessarily what they can afford The simple truth is that Elkhart General is often the only source of health care for many of the poor and disadvantaged in our community, and this responsibility is taken very seriously During 2011, Elkhart General provided more than $20 million in health services that were unreimbursed by Medicaid, and more than $33 million unreimbursed by Medicare In addition, the Hospital provided community outreach contributions, or nonbilled services, valued at over $1 5 million for free and below-cost community screenings, educational lectures, and support for more than 50 health-related, not-for-profit organization The Hospital also furnished more than $3 million in traditional charity care and over $5 million in uninsured discounts to patients During 2011, the summation of charity care, other reimbursed care, and community benefit was $26,099,063 using VHA and CHA guidelines and definitions In 2011, the unemployment rate in Elkhart County was 10 9% The Hospital does provide services without charge or at amounts less than its established rates to patients who meet the criteria of its charity care or uninsured policies The criteria for charity care takes into consideration Health and Human Services Federal Poverty Guidelines, family assets, family size, employment status, ordinary family expenses, and other related information The net cost of charity care provided was approximately $3,634,177 based upon the cost to charge ratio Unpaid costs related to Medicaid and Medicare programs were estimated to be $54,757,687 In addition, the Hospital is involved in many community benefits activities, including health education, screenings, and support groups Elkhart General Hospital provides an emergency room with open 24/7 access In 2011, the emergency room served 59,871 patients In 2011, the hospital had 12,543 inpatient admissions and 172,088 outpatient registrations

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** ▶ $ 240,178,772

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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*	**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*	**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*	**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*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **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**	194		
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, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	2,431			
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).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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			**13a**		
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	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4	Yes	
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	Yes	
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	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	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 ▶ IN

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 ▶

JEFFREY COSTELLO
615 N MICHIGAN STREET
SOUTH BEND, IN 46601
(574) 647-3549

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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Donald Anderson Volunteer Board Member	1 0	X								
(2) Scott Troeger Volunteer Board Member	1 0	X								
(3) Pam Hluchota Volunteer Board Member	1 0	X								
(4) David D Van Ryn MD Vol Board Member thru May 2011	1 0	X								
(5) Wilbur Bontrager Volunteer Board Member	1 0	X								
(6) Ron Fenech Volunteer Board Member, Secret	1 0	X		X						
(7) Walter Halloran MD Volunteer Board Member	1 0	X						49,278		24,762
(8) Glenn Killoren Volunteer Board Member, Vice C	1 0	X		X						
(9) Mark Klaaseen MD Volunteer Board Member	1 0	X								
(10) Don Krabill Volunteer Board Member, Chairm	1 0	X		X						
(11) Todd Martin Volunteer Board Member	1 0	X								
(12) Linda Rothrock-Jurus Volunteer Board Member	1 0	X								
(13) Frank Smole Volunteer Board Member	1 0	X								
(14) Bruce Newswanger MD Volunteer Board Member	1 0	X								
(15) Dan Morrison Volunteer Board Member, Treasu	1 0	X		X						
(16) John K Martin Volunteer Board Member	1 0	X								
(17) Matthew Pletcher Volunteer Board Member	1 0	X								

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Gregory Lintjer President thru 12/15/2011	50 0	X		X				937,168		1,240,497
(19) Gregory Losasso President	50 0	X		X				364,110		64,681
(20) Jeffrey Costello CFO effective 12/21/2011	1 0	X		X					608,049	32,936
(21) Phillip Newbold CEO effective 12/11/11	1 0	X		X				0	1,675,637	42,358
(22) Kevin Higdon VP of Finance thru 12/31/2011	50 0			X				329,312		655,364
(23) Kurt Meyer VP of Human Resources	50 0				X			211,680		16,294
(24) Danielle Dyer VP of Strategic Planning	50 0				X			231,282		48,525
(25) Jeff Howe Physician	50 0					X		497,881		86,656
(26) Majid Malik Physician	50 0					X		321,807		55,285
(27) Burton Boron Physician	50 0					X		308,744		91,175
(28) Douglas Jarvis Physician	50 0					X		315,190		48,204
(29) Laura Munkel Physician	50 0					X		294,126		59,889
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,860,578	2,283,686	2,466,626

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 ▶ 74

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**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? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**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
South Bend Medical Foundation 530 North Lafayette Blvd SOUTH BEND, IN 46601	Lab Services	12,355,650
Elkhart Clinic PO Box 201 ELKHART, IN 46515	Physician Services	5,054,299
Northern Indiana Anesthesia Service 600 East Bvld ELKHART, IN 46514	Anesthesia Services	4,590,099
Caretech Solutions Inc 901 Wilshire ELKHART, MI 48084	IT Services/Support	4,312,433
McKesson Technologies Inc PO Box 98347 ELKHART, IL 60693	IT Services/Support	2,418,382

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 ▶ 65

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	85,165			
	e	Government grants (contributions)	1e	34,619			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	14,351			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		134,135			
Program Service Revenue			Business Code				
	2a	Patient Service Revenue	622110	240,606,042	240,606,042		
	b	Home Medical Equipment	446199	1,188,826		535,197	653,629
	c	Outpatient Pharmacy	446110	2,943,263		39,917	2,903,346
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		244,738,131			
	3	Investment income (including dividends, interest and other similar amounts)		8,639,521			8,639,521
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			

		(i) Real	(ii) Personal				
	6a Gross rents	1,195,992					
	b Less rental expenses	327,271					
	c Rental income or (loss)	868,721					
	d Net rental income or (loss)			868,721			868,721

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	40,773,805	955,225				
	b Less cost or other basis and sales expenses	39,232,940	170,455				
	c Gain or (loss)	1,540,865	784,770				
	d Net gain or (loss)			2,325,635			2,325,635
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a						
	b Less direct expenses b						
	c Net income or (loss) from fundraising events			0			
	9a Gross income from gaming activities See Part IV, line 19 a						
	b Less direct expenses b						
	c Net income or (loss) from gaming activities			0			
	10a Gross sales of inventory, less returns and allowances a						
	b Less cost of goods sold b						
	c Net income or (loss) from sales of inventory			0			
	Miscellaneous Revenue		Business Code				
	11a Joint Venture Activities		621400	437,323	580,792	-143,469	
	b CAFETERIA		722210	1,496,421			1,496,421
	c CHARGEBACKS TO MICHIANA LINEN		621400	1,395,639	1,395,639		
	d All other revenue			1,477,666	327,829	1,149,837	
	e **Total.** Add lines 11a–11d			4,807,049			
	12 **Total revenue.** See Instructions			261,513,192	242,910,302	1,581,482	16,887,273

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	150,720	150,720		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	4,098,913		4,098,913	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	14,177	14,177		
7	Other salaries and wages	86,334,883	81,651,514	4,683,369	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,884,027	5,313,276	570,751	
9	Other employee benefits	15,736,864	14,210,149	1,526,715	
10	Payroll taxes	6,326,806	5,713,106	613,700	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	979,036		979,036	
c	Accounting	115,000		115,000	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	209,113		209,113	
g	Other	31,462,608	28,867,538	2,595,070	
12	Advertising and promotion	2,208,177	1,993,984	214,193	
13	Office expenses	3,082,893	2,538,689	544,204	
14	Information technology	8,556,520	7,726,538	829,982	
15	Royalties . .	0			
16	Occupancy	3,429,468	3,081,988	347,480	
17	Travel	1,903,860	1,719,186	184,674	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	2,041,798	1,843,744	198,054	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	17,542,115	15,836,385	1,705,730	
23	Insurance	2,965,301	2,677,667	287,634	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Patient Supplies, Drugs, Impla	46,160,325	41,682,773	4,477,552	
b	Uncollectible Accounts	18,369,211	18,369,211		
c	Repairs and Maintenance	3,455,552	3,118,912	336,640	
d	DUES AND SUBSCRIPTIONS	721,580	721,580		
e					
f	All other expenses	3,657,610	2,947,635	709,975	
25	**Total functional expenses.** Add lines 1 through 24f	265,406,557	240,178,772	25,227,785	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		8,897,071	1	5,130,299
	2	Savings and temporary cash investments		21,877,462	2	30,848,820
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		53,017,982	4	43,006,515
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		463,393	7	695,008
	8	Inventories for sale or use		5,502,740	8	6,689,720
	9	Prepaid expenses and deferred charges		8,168,805	9	9,378,949
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 302,372,995			
	b	Less accumulated depreciation	10b 171,993,008	139,234,691	10c	130,379,987
	11	Investments—publicly traded securities		170,431,045	11	163,988,406
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	4,489,199
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		4,509,034	15	1,896,301
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		412,102,223	16	396,503,204
Liabilities	17	Accounts payable and accrued expenses		25,763,610	17	29,556,673
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		86,555,000	20	83,983,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		30,595,560	25	67,258,886
	26	**Total liabilities.** Add lines 17 through 25		142,914,170	26	180,798,559
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		264,170,632	27	211,041,016
	28	Temporarily restricted net assets		4,617,421	28	4,263,629
	29	Permanently restricted net assets		400,000	29	400,000
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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		269,188,053	33	215,704,645
	34	Total liabilities and net assets/fund balances		412,102,223	34	396,503,204

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	261,513,192
2	Total expenses (must equal Part IX, column (A), line 25)	2	265,406,557
3	Revenue less expenses Subtract line 2 from line 1	3	-3,893,365
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	269,188,053
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-49,590,043
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	215,704,645

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

	Yes	No
(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? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

(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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
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

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: ELKHART GENERAL HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Donald Anderson Volunteer Board Member	1 0	X								
Scott Troeger Volunteer Board Member	1 0	X								
Pam Hluchota Volunteer Board Member	1 0	X								
David D Van Ryn MD Vol Board Member thru May 2011	1 0	X								
Wilbur Bontrager Volunteer Board Member	1 0	X								
Ron Fenech Volunteer Board Member, Secret	1 0	X		X						
Walter Halloran MD Volunteer Board Member	1 0	X						49,278		24,762
Glenn Killoren Volunteer Board Member, Vice C	1 0	X		X						
Mark Klaaseen MD Volunteer Board Member	1 0	X								
Don Krabill Volunteer Board Member, Chairm	1 0	X		X						
Todd Martin Volunteer Board Member	1 0	X								
Linda Rothrock-Jurus Volunteer Board Member	1 0	X								
Frank Smole Volunteer Board Member	1 0	X								
Bruce Newswanger MD Volunteer Board Member	1 0	X								
Dan Morrison Volunteer Board Member, Treasu	1 0	X		X						
John K Martin Volunteer Board Member	1 0	X								
Matthew Pletcher Volunteer Board Member	1 0	X								
Gregory Lintjer President thru 12/15/2011	50 0	X		X				937,168		1,240,497
Gregory Losasso President	50 0	X		X				364,110		64,681
Jeffrey Costello CFO effective 12/21/2011	1 0	X		X					608,049	32,936
Phillip Newbold CEO effective 12/11/11	1 0	X		X				0	1,675,637	42,358
Kevin Higdon VP of Finance thru 12/31/2011	50 0			X				329,312		655,364
Kurt Meyer VP of Human Resources	50 0				X			211,680		16,294
Danielle Dyer VP of Strategic Planning	50 0				X			231,282		48,525
Jeff Howe Physician	50 0					X		497,881		86,656

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Majid Malik Physician	50 0					X		321,807		55,285
Burton Boron Physician	50 0					X		308,744		91,175
Douglas Jarvis Physician	50 0					X		315,190		48,204
Laura Munkel Physician	50 0					X		294,126		59,889

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

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	Employer identification number
ELKHART GENERAL HOSPITAL INC	35-0877574

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

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (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		
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-		

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

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? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) 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		5,641
j	Total lines 1c through 1i			5,641
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	Part II-B, Line 1i	Indiana Hospital Association (IHA) annual dues x 5 29% IHA determined to be attributable to lobbying as defined by federal law IHA deemed as lobbying and not Elhart General Hospial directly

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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.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	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
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

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

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

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	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	5,017,421	4,520,109	3,604,156	5,361,117	
b Contributions					
c Investment earnings or losses	-201,313	567,312	915,953	-1,616,961	
d Grants or scholarships					
e Other expenditures for facilities and programs	125,000	70,000		140,000	
f Administrative expenses	27,479				
g End of year balance	4,663,629	5,017,421	4,520,109	3,604,156	

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

- a Board designated or quasi-endowment ▶ 91 000 %
- b Permanent endowment ▶ 9 000 %
- 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
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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		2,650,901		2,650,901
b Buildings		176,069,183	81,299,422	94,769,761
c Leasehold improvements				
d Equipment		120,799,363	90,693,586	30,105,777
e Other		2,853,548		2,853,548
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				130,379,987

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACCRUED PENSION LIABILITY	60,420,085
OTHER LIABILITIES	5,746,222
DUE TO THIRD-PARTY PAYORS	1,092,579
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	67,258,886

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	261,513,192
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	265,406,557
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-3,893,365
4	Net unrealized gains (losses) on investments	4	-11,135,992
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-38,321,746
9	Total adjustments (net) Add lines 4 - 8	9	-49,457,738
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-53,351,103

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	232,559,000
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	125,000		
e	Add lines **2a** through **2d**			2e	125,000
3	Subtract line **2e** from line **1**			3	232,434,000
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	29,079,192		
c	Add lines **4a** and **4b**			4c	29,079,192
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	261,513,192

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

1	Total expenses and losses per audited financial statements			1	244,573,000
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	244,573,000
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	20,833,557		
c	Add lines **4a** and **4b**			4c	20,833,557
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	265,406,557

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
Supplemental Information		Schedule D, Part V, line 4 Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity In accordance with the restriction, a majority of the investment income and investment gains or losses from permanently restricted net assets are to be reinvested with the principal and are therefore temporarily restricted A specified portion of income earned by the temporarily restricted net assests is released from restriction and used for operations each year The Hospital has one endowment fund established for patient care purposes The Hospital has established investment and spending policies related to the appreciation of this endowment Should the underlying assets fall below this targeted amount the Hospital pursues action consistent with established policies to return the endowment to the targeted amount Based on these policies, endowment amounts are temporarily restricted until Board authorized release of funds for patient care purposes are approved Income Tax Position Footnote U S GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination For tax positions not meeting the "more likely than not" test, no tax benefit is recorded Due to its tax-exempt status, the Hospital is not subject to U S federal income tax or state income tax The Hospital is, however, subject to income taxes on income generated from activities that are un-related to its exempt purpose The Hospital's Form 990 has not been subject to examination by the Internal Revenue Service or the State of Indiana for the last three years The Hospital does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months The Hospital recognizes interest and/or penalties related to income tax matters in income tax expense The Hospital did not have any amounts recorded for interest and penalties at December 31, 2011 and 2010 Schedule D, Part XI, line 8 Pension Liability - (37,967,955) Temporarily Restricted Investment Income - (353,791) Total - (38,321,746) Schedule D, Part XII, line 2d Net Assets Realeased From Resriction- 125,000 Schedule D, Part XII, line 4b Bad Debt Expense - 18,369,211 Non-operating Investment Income - 8,378,699 Non-operating Realized Gain on Investment - 1,544,381 Gain on Disposal of Assets - 784,770 Accretive Revenue - 72,097 Rental Expenses (327,271) Temporarily restricted Investment Income- 260,821 Temporary Gain on Restricted Assets- (3,516) Total - 28,821,887 Schedule D, Part XIII, line 4b Bad Debt Expense - 18,369,211 Non-operating Investment Fees - 264,750 Impairment Expense - 1,670,000 Gain on Disposal of Assets - 784,770 Accretive Expenses - 72,097 Rental Expenses (327,271) Total - 20,833,557

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
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 _____ %	3a		No
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 _____ %	3b		No
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

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)		4,551	3,685,794	0	3,685,794	1 490 %
b Medicaid (from Worksheet 3, column a)			33,905,106	13,146,277	20,758,829	8 410 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs		4,551	37,590,900	13,146,277	24,444,623	9 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)		301,769	1,571,588	260,799	1,310,789	0 530 %
f Health professions education (from Worksheet 5)		99	421,132	244,243	176,889	0 070 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			150,720		150,720	0 060 %
j **Total** Other Benefits		301,868	2,143,440	505,042	1,638,398	0 660 %
k **Total.** Add lines 7d and 7j		306,419	39,734,340	13,651,319	26,083,021	10 560 %

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

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	5,962,956		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	2,981,478		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	55,577,040		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	76,149,327		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-20,572,287		
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?		9a	Yes	
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		9b		No

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 RiverPointe Surg Ctr	Surgeries	40 000 %		60 000 %
2 Wakarusa Med Clin	Medical Clinic Building	42 000 %		58 000 %
3 Comm Occupational Md	Occupational Medicine	25 000 %	10 000 %	65 000 %
4 WaNee Walk-in Clinic	Medical Clinic	50 000 %		50 000 %
5 Riverpointe Cardiov	Cardiovascular Procedures	50 000 %		50 000 %
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	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	ELKHART GENERAL HOSPITAL INC 600 East Blvd Elkhart, IN 46514	X	X					X		

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)

ELKHART GENERAL HOSPITAL INC

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 ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ 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 ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ 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 ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ 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		No
If "Yes," indicate the FPG family income limit for eligibility for free care __%			
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		No
	If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11		No
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☐ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ 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 ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☑ 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 ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ 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		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ 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 ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
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?	**18**	Yes	
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)			

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 it's 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 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?	**20**		No
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?	**21**		No
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? **26**

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the 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, 6i, 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
Part I, Line 3c		The hospital does not specifically use FPG to determine eligibility for financial assistan ce The hospital uses both an asset test and an income/expense test to determine eligibili ty for financial assistance, either in whole or in part The asset test consists of the pa tient or the responsible party reporting assets that might be used to make payment to redu ce or eliminate the financial obligation to the hospital Typical household assets are nev er requested to be liquidated Assets of a significant, and extraordinary nature such as s tocks, bonds, retirement savings, other savings, second home, etc which are not needed or required to provide normal, ongoing living expenses for the household are excess These a ssets may be requested to be liquidated and used toward payment of the financial obligatio n of the hospital An income/expense test is also used to determine a patient's or a respo nsible party's ability to pay based upon current monthly net income The responsible party is requested to provide information about household income and household expenses Only e xpenses in excess of a reasonable norm would not be considered when compared with monthly "net" or spendable income In order to deny financial assistance, one's net income must si gnificantly exceed one's reasonable expenses Additionally, while the actual charity care did not exceed budget, charity care will not be denied should charity care exceed budgetar y levels Part I, Line 6a Elkhart General Hospital, Inc prepares a Community Benefit Repo rt annually, both for the State of Indiana and for the Annual Report, which is posted at w ww egh org Part I Ln 7 - Costs for this section were determined based on the organization 's cost to charge ratio Part I, Line 7 Column (f) Bad debt expense removed from total exp enses $18,369,211 Part II Community Support Elkhart General Hospital has supported commun ity-based efforts at improving perinatal outcomes and reducing perinatal race disparity th rough participation in the regional perinatal risk analysis effort with area hospitals and University of Notre Dame researchers and the Michiana Health Information Exchange Perina tal outcomes are critical indicators of community health status, and through EGH's partici pation in this forum, opportunities have been created to produce consistent perinatal risk reporting from the hospitals and the health information exchange Elkhart General Hospita l, in collaboration with Elkhart Community Schools, spearheaded an interactive mentoring c onference to expose young at-risk females to career options, self-esteem building, and bod y image A number of EGH professionals from multiple disciplines provided information on c areer choices and healthy decision-making for the future Topics of the conference also in cluded sexual abstinence, creating a healthy body image, partner abuse and violence preven tion, and self-esteem Elkhart General Hospital employees continue to participate in schoo l mentoring programs, partnering with Title I schools in Elkhart to provide one-on-one men toring time to at-risk elementary school children Throughout 2011, Elkhart General Hospit al's Dame Tu Mano Hispanic Latino health outreach program enjoyed a successful year with i ts monthly Spanish language diabetes support group program, providing support and resource s to Spanish-speaking persons with diabetes The children of the participants received men toring support and health education concurrent to the diabetes support group classes In 2 011, EGH continued its 14-year history of partnership with Elkhart and Baugo Schools Syste ms to provide the Peers Educating and Encouraging Relationship Skills (PEERS) Project, whe re EGH interviews, recruits, trains approximately 175 teen mentors to annually provide a f ive-session risk avoidance curriculum to 1,100 seventh and eight graders The curriculum f ocuses on identifying and abstaining from health risk behaviors of early sexual activity, alcohol, smoking, and drug use, to optimize the youths' opportunities for a healthy and su ccessful future In 2011 Elkhart General continued to provide operational oversight for th e Healthy Indiana Plan (HIP) state-sponsored health insurance program for low-income resid ents Elkhart General Hospital staff assist applicants in navigating the application proce ss, including document verification, residency status, etc , and monitor the status of app lication in the enrollment process In this capacity Elkhart General Hospital advocated fo r the applicants and enrollees to ensure the health insurance plan could be accessed In 2 011 Elkhart General Hospital participated in the analysis of Elkhart County perinatal risk data as part of a perinatal risk reduction project funded by the Indiana State Department of Health and facilitated by Purdue University Healthcare Assistance Program This projec t sought to analyze perinatal risk trends to address poor perinatal outcomes Other projec t partners included Elkhart County Health Departme

Identifier	ReturnReference	Explanation
Part I, Line 3c		nt, Indiana University Health Goshen, and the Minority Health Coalition of Elkhart County Leadership Development and Training for Community Members Elkhart General Hospital's Dame tu Mano program has provided critically needed Spanish language interpretative and transl ative services for the community agencies and members Through the Dame Tu Mano program, s taff and bilingual volunteers help provide interpretative services for Elkhart General Hos pital's large-scale Spanish language health education, leadership, and empowerment efforts Throughout 2011 Dame tu Mano health topics were promoted on two daily Spanish language r adio programs and through bimonthly educational columns in the Spanish language newspaper Specifically, through the Dame tu Mano radio programming, family health topics included c onflict resolution, anger management, appropriate youth discipline, domestic violence prev ention, depression, mental health, and self-esteem enhancement Many Spanish families expe rience significant internal stress due to feelings of isolation and failure to fully accli mate in the local community because of cultural perceptions Dame tu Mano's biannual summi ts address these internal stressors, healthy relationships and conflict resolution within families Through Elkhart General Hospital sponsorship of the PEERS (Peers Educating and E ncouraging Relationship Skills) program, EGH trains approximately 175 10th-12th graders a five-session sequential risk avoidance curriculum to underclassmen These high-schoolers c omplete a significant leadership peer mentor training Prior to facilitating the classroom lessons to the underclassmen, and in recognition of the importance of modeling the lifest yle being promoted, all teen mentors sign a leadership agreement pledging to practice risk avoidance behaviors in their lifestyles The PEERS program lessons include components of assertiveness training for avoiding peer pressure to indulge in risky behaviors including early sexual involvement, alcohol, drugs, and smoking Medical interpreters based in Elkha rt General Hospital hospital help Spanish-speaking individuals navigate the health care se tting and advocate for patient care Coalition Building Elkhart General Hospital is active ly engaged in community coalitions to improve the quality of life for Elkhart County resid ents The Hospital is represented on the Elkhart County Lead Prevention Task Force, the El khart County Homeless Coalition, and the Elkhart Back2School Steering Committee In 2011, Elkhart General Hospital, along with Elkhart County Health Department and Indiana Universi ty Health Goshen, continued to lead the county's childhood obesity prevention coalition, w hich provides vital support to school personnel and administration in addressing childhood obesity The coalition regularly meets to identify evidence-based outcomes for reducing r ates of childhood obesity, to provide resources to school health personnel, and proactivel y strategize for improving childhood health Elkhart General Hospital's Dame tu Mano staff helped to create an ongoing robust coalition network of over 20 Spanish-centric businesse s, media, and social service organizations, and is regularly sought out to lead community health initiatives in the Hispanic Latino communities of Elkhart County Elkhart General H ospital regularly works with the Indiana Minority Health Coalition, the Northern Indiana H ispanic Health Coalition, and the Minority Health Coalition of Elkhart County on ventures to reduce health disparities between cultures and races Community Health Improvement/Advo cacy Elkhart General Hospital Medication Assistance Program provides a full-time patient a dvocate who assists low-income individuals in applying for and securing free prescription medications through many pharmaceutical assistance programs in the pharmaceutical industry Elkhart General Hospital provided health education activities on-site at various worksit es in the county, offering health risk a

Identifier	ReturnReference	Explanation
Part III, Line 4		Bad debt expense is not footnoted within the audited financial statement Also, bad debt expense is not classified as community benefit Provision for bad debt is recorded as an expense at gross, within the deductions from charge classification of the Statement of Operations The cost to charge ratio is applied to bad debt expense to arrive at bad debt cost It is estimated that half of the bad debt expense cases would actually qualify for charity care, had the patient gone through the process, but it is not currently classified as charity care RATIONALE FOR INCLUSION OF THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT PART III, LINE 8 PARTICIPATION IN THE GOVERNMENTAL MEDICARE PROGRAM DOES NOT PROVIDE THE OPPORTUNITY FOR A HOSPITAL TO NEGOTIATE A REIMBURSEMENT RATE OR STRUCTURE THAT WOULD ALLOW THE HOSPITAL TO COVER THE COST OF THE MEDICAL SERVICE RENDERED TO THE PROGRAM PARTICIPANT, AS WOULD BE THE CASE IN CONTRACTUAL NEGOTIATIONS WITH COMMERCIAL INSURANCE COMPANIES NOR IS THE HOSPITAL ALLOWED TO PROVIDE ONLY THE SERVICES FOR WHICH REIMBURSEMENT COVERS THE DIRECT COST OF CARE THIS PRODUCES THE SAME SHORTFALL OUTCOME AS DOES THE PARTICIPATION IN THE MEDICAID PROGRAM THE MEDICAID PROGRAM IS RECOGNIZED AS A COMMUNITY BENEFIT ON SCHEDULE H AND ON COMMUNITY BENEFIT REPORTS FOR MOST STATES THE QUALITY AND COST OF THE PATIENT CARE IS THE SAME REGARDLESS OF PAYOR SOURCE HENCE THE ACCEPTANCE OF MEDICARE REIMBURSEMENT REPRESENTS A REDUCTION OR RELIEF OF THE GOVERNMENT BURDEN TO PAY THE FULL COST OF CARE PROVIDED Part III, Line 9b In the Collection Policy it does indicate the criteria for determining eligibility for financial assistance is based on the income vs debt calculation Also, patients who are known to qualify for charity care or financial assistance are immediately eliminated from the hospital's collection protocols, and therefore, they are no longer subject to hospital collection practices Part V Section B Lines 1j,3,4,5c,6i,7,11h, - Not required for 2011 Part V, Section B, Line 13g Brochures are provided to patients explaining the financial assistance program Additionally, there is a message included in each statement a patient received telling them if this is a hardship to please contact the hospital billing department for assistance Part V, Section B, Line 15e Accounts are sent to the collection agency who then handle all collection actions including reporting to credit agency In doing so, the collection agency complies with the hospital guidelines Part V, Section B, Line 16e Collection agency will also make payment arrangements Part V Section B Ln17e - N/A Part V Section B Ln18d - N/A Part V, Section B, Line 19d FAP-eligible individuals are given a 30% discount for Inpatient services and a 27% discount on Outpatient services Part V Section B Ln20 - N/A Part V Section B Ln21 - N/A

Identifier	ReturnReference	Explanation
2 Needs Assessment		In 2011, Elkhart General Hospital and Indiana University Health Goshen jointly initiated a n Elkhart County community health needs assessment as per federal law under the Patient Pr otection and Affordable Care Act Elkhart County was defined as the community served, and staff from both hospitals consulted with numerous individuals representing the broad inter ests of the community to provide input during the course of the assessment From these eff orts, a Steering Committee was formed, comprised of community representatives from the pub lic health, religious, education, minority advocacy, healthcare, social service, and priva te sectors The hospitals contracted with Purdue University Healthcare Technical Assistanc e Program to facilitate the assessment process and to assist with data collection The goa l of the assessment was to identify and prioritize community health needs through data col lected from myriad sources and through the input from those representing the broad interes ts of the community, with the purpose of providing a plan framework for the respective hos pitals in their address of the community's priority health needs The individuals who comm itted to participate in the assessment process to ensure the broad interests of the commun ity were represented included Steve Braden, Pastor, First Presbyterian Church Larry Brook s, Vice President Marketing and Fund Development, Indiana University Health Goshen Kathy B rown, Executive Assistant to Vice President of Marketing, Indiana University Health Goshen Renee Cocanower, Health Coordinator, Concord Community Schools Jim Conner, Superintendent , Middlebury Community Schools David Daugherty, President and CEO, Greater Goshen Chamber of Commerce Jim DuBois, Superintendent, Baugo Community Schools Danielle Dyer, Chief Offic er, Strategy and Planning, Elkhart General Hospital/Memorial Hospital Newly Affiliated Com pany Carl Ellison, COO, Indiana Minority Health Coalition Wendy Fletcher, Director, Golden Living Center Steve Garboden, Assistant Vice President Planning/Managed Care, Indiana Uni versity Health Goshen Dr James Gingerich, Medical Director, Maple City Health Care Center Patty Gremaux, Director of Community Outreach, Elkhart General Hospital Dorinda Heiden-Gu ss, President, Economic Development Corporation of Elkhart County Gene Hollingsworth, Past or, First English Lutheran Church Tom Housand, Broker, Housand and Associates John Hutchin gs, Director of Student Services, Elkhart Community Schools Allan Kauffman, Mayor, City of Goshen Mark King, President and CEO, Greencroft Communities Fr Glen Kohrman, Pastor, St Vincent de Paul Catholic Church Greg Losasso, President, Elkhart General Hospital Stacy M alcolm, School Nurse, Concord Community Schools Waldo Mikels-Carrasco, Research Associate Director, University of Notre Dame Institute for Latino Studies Diana Montiel, Program Coo rdinator, Elkhart General Hospital Dame tu Mano Hispanic Latino Health Outreach Tara Morri s, Executive Director, Minority Health Coalition of Elkhart County Mark Mow, Superintenden t, Elkhart Community Schools Dr Dan Nafziger, Health Officer, Elkhart County Health Depar tment Laurie Nafziger, CEO, Oaklawn Diane Nita, CFO, Heart City Health Center Phil Penn, P resident, Greater Elkhart Chamber of Commerce Mike Pennington, Deputy Director, Elkhart Co unty Emergency Management Mike Perez, Director of Fundraising, Faith Mission of Elkhart Li liana Quintero, Executive Director, Northern Indiana Hispanic Health Coalition Bill Rieth, President and CEO, United Way of Elkhart County Nancy Roeder, School Nurse, WaNee Communi ty Schools Dr Mark Sandock, Physician Consultant, Elkhart General Hospital Jenny Schrock, Division Manager, Elkhart County Health Department Healthy Beginnings Paula Shively, CEO, Association for the Disabled of Elkhart County (ADEC) Deb Stack, Market Informatics Manag er/Analyst, Indiana University Health Goshen Bruce Stahly, Superintendent, Goshen Communit y Schools Susan Stiffney, School Health Coordinator, Goshen Community Schools Wayne Stubbs , Superintendent, Concord Community Schools Ross Swihart, Executive Director, Faith Missio n of Elkhart Larry Thompson, Mayor, City of Nappanee Jennifer Tobey, Director, Elkhart Cou nty Emergency Management Vernita Todd, CEO, Heart City Health Center Tom Tumey, Superinten dent, Fairfield Community Schools Dale Wentorf, Executive Director, Center for Healing and Hope Brian Wiebe, Director, Horizon Education Alliance Candy Yoder, Executive Director, C hild Abuse Prevention Services (CAPS) The assessment process included the analysis of prio rity health needs survey results submitted from 283 healthcare providers in the area Data analyses and subsequent group discussion were solicited on multiple Elkhart County public health, behavioral, socioeconomic, healthcare utilization indicators culled from local, r egional, state, and national data sources Both individual and group input were facilitate d on community health needs, resulting in individu

Identifier	ReturnReference	Explanation
2 Needs Assessment		al and collective weighted rankings of the needs Through nominal rating, the community pr ocess identified Elkhart County's overall health needs of teen pregnancy, lack of social m essaging for health promotion, diabetes, access to prescription medications, access to den tal care, obesity, smoking, access to primary health care, and access to mental health ser vices Using a subsequent weighted ranking process to rate each health need based on the s ize of population impacted by the health need, the seriousness of the health need in the c ommunity and the effectiveness of known interventions in addressing the health need, the p riority health needs were identified as obesity, smoking, access to primary health care, a nd access to mental health services In 2012 the community health needs assessment deliver ables and the Elkhart General Hospital's resultant 2012 community health plan will be subm itted to the Elkhart General Hospital Board of Directors for review and approval Dependen t on and subsequent to the Board approval, the community health needs assessment report an d EGH's resultant 2012 community health plan will be made widely available to the communit y through the hospital's website, through hard copies by request, and through ongoing comm unication from hospital representatives Using the assessment information as the framework , Elkhart General Hospital will develop its community health planning strategies for 2012 and beyond Additionally, Elkhart General Hospital conducts annual market projections by d iseases for our primary and secondary service area Indiana hospital use rates are applied to the local population to achieve these projections Unemployment and uninsured statisti cs are obtained from the Elkhart County Department of Economic Development To ensure ther e are enough providers to care for the population and the projected disease rates, a medic al staff development plan is conducted every two years The Medical Staff Development Plan is used to determine the number of physicians by specialty needed to serve the community New physician recruits and retirements are taken into account

Identifier	ReturnReference	Explanation
3 Patient Education of Eligibility for Assistance		The hospital provides four (4) full-time equivalents (FTEs) to counsel patients without insurance regarding their ability to qualify for the State of Indiana Medicaid program(s) In addition, billing statements sent to all patients address the concern of "financial hardship" and what a patient can do to make the hospital aware of any financial hardship they may be incurring Our billing statements also provide patient information about their first steps to obtain financial assistance Additionally, a patient financial services brochure, available during the intake process, describes our financial assistance policy and what steps can be taken if the patient experiences a financial hardship Patients are also made aware of our financial assistance program via telephone conversation with our Patient Accounts staff Staff is particularly sensitive to address this program with anyone who indicates there might be a financial need

Identifier	ReturnReference	Explanation
4 Community Information		Elkhart County, Indiana, was established in 1830, with the original county seat in Dunlap, which was later moved to Goshen Today Elkhart County has three growing cities, four towns, and 16 townships Elkhart County is located in northern Indiana and borders the state of Michigan The County is approximately 463 91 square miles in size Elkhart County lies halfway between Chicago and Cleveland and is conveniently located near Interstate 80/90 and the Indiana Toll Road Ranked 19th healthiest of all 92 counties in Indiana, Elkhart County's service providers have a history of actively forming partnerships in an effort to meet the health needs of its residents Elkhart County, Indiana takes pride in offering its residents a great place to live and continually striving to establish new businesses and provide an entrepreneurial atmosphere Elkhart County is considered to be Elkhart General Hospital's primary service area According to the 2010 US Census estimates, Elkhart County has a population of 198,941, up slightly from the April 2010 Census data report of 197,559 with a median household income of $43,531 The percentage of persons 65 years and older is estimated at 12 4% in 2011, slightly higher than 11 5 percent are age 65 and older in 2010 For 2011, Census estimates indicate that 76 9% of Elkhart County residents are white persons not of Hispanic descent, 14 5% are Hispanic/Latino, and 6 0% are black Per capita income average for 2006-2010 is $22,187, and the percent of Elkhart County residents below the poverty level was 13 7% As of December 2011, Elkhart County's labor force was 91,081, of which 81,113 were employed and 9 968 persons, or 10 9% of the total labor force, were unemployed In 2011, the County Health Rankings, sponsored by the Robert Wood Johnson Foundation, ranked Elkhart County as the 19th healthiest county in Indiana of all 92 counties for health outcomes (a gage of the health status of a county) and 79th healthiest for health factors (those factors that influence the health of a county)

Identifier	ReturnReference	Explanation
5 Promotion of Community Health		Specific goals of Elkhart General Hospital's mission statement are to meet the needs of medically underserved of our community, defined as Elkhart County residents, and to promote the health and well being of individuals and families by providing education to aid in early detection and prevention of disease These two goals are in part carried out by a third goal, namely, to seek out and partner with organizations that share our mission In 2011, Elkhart General Hospital continued established partnerships and forged new collaboratives with myriad like-minded community entities to address the needs of the medically underserved and to improve the health status of our community These collaborative efforts include partnerships with numerous Title I elementary schools to provide free health screenings, education, and physicals to low-income families Elkhart General was an active partner in the 2011 Back2School Elkhart, an annual program to provide groceries, shoes, school supplies, back packs, free health screenings, and nutrition education to families with low-income children in the county, with just under 6,000 people in attendance Elkhart General has partnered on the Elkhart and St Joseph Counties perinatal risk reduction collaborative, which is developing a mechanism to standardize perinatal risk data from area hospitals and healthcare providers to identify trends associated with local perinatal risk factors with the goal of reducing perinatal health disparities by race for the Michiana region In addition to Elkhart General, other perinatal partners are Memorial Hospital of South Bend, St Joseph Regional Medical Center, Indiana University Health Goshen, Elkhart and St Joseph County Health Departments, University of Notre Dame Institute of Latino Studies, and Michiana Health Information Network Elkhart General Hospital partnered with the City of Elkhart and the Elkhart County Health Department to support and sustain the Tolson Center Community Garden, located in a socioeconomically stressed area of Elkhart, which annually adopts out garden plots to low-income families and seniors to provide a venue for growing healthy fruits and vegetables for their family's consumption An ongoing childhood obesity prevention initiative between Elkhart General Hospital, Elkhart County Health Department, and Indiana University Health Goshen provides ongoing education, advocacy, and support to Elkhart County school nurses and educators for addressing the epidemic of childhood obesity This initiative helps to identify preventive measures and ways to reduce the obesity among the county's children, over 40 percent of which 44% score in the 85th percentile or higher for body mass index, indicating current obesity or overweight For over 14 years, Elkhart General Hospital has proudly partnered with Elkhart and Baugo Schools Systems to provide the Peers Educating and Encouraging Relationship Skills (PEERS) Project, whereby EGH interviews, recruits, trains approximately 175 teen mentors to annually provide a five-session risk avoidance curriculum to 1,100 seventh and eight graders The curriculum focuses on identifying and abstaining from health risk behaviors of early sexual activity, alcohol, smoking, and drug use, to optimize the youths' opportunities for a healthy and successful future Elkhart General Hospital has continued the K-6th grade Mentoring Program whereby Elkhart General Hospital employees provide weekly mentoring and learning opportunities with at-risk children in Elkhart schools With Heart City Health Center, Elkhart's Federally Qualified Health Center, Elkhart General Hospital has provided free pap tests to low-income and/or uninsured women Elkhart General Hospital has partnered with Heart City Health Center and the Center for Healing and Hope to provide free health screening and education events Elkhart General Hospital enjoys robust relationships with the Northern Indiana Hispanic Health Coalition and the Minority Health Coalition of Elkhart County, to provide screening supplies, support, and other opportunities for partnership These collaboratives provide opportunities to educate the community about diversity, to work together to create healthier families, and to create common goals to build stronger neighborhoods Elkhart General Hospital is an active participant in the Elkhart Chamber of Commerce Leadership Programs to offer education and community building for area business people, including healthcare professionals

Identifier	ReturnReference	Explanation
6 Affiliated Health Care System		Elkhart General Hospital's governing body is comprised of persons who reside in Elkhart County The 17 member Board of Directors, who serve without pay, guides the system in its mission to provide high quality, affordable health care to the communities it serves The Board's roles include guaranteeing fair and equal access, approving new medical staff members and approving long-term strategies for the continued success of the hospital Additionally, Elkhart General Hospital extends medical staff privileges to all qualified physicians in our community In 2011 Elkhart General Hospital affiliated with Memorial Hospital of South Bend, Indiana, under the name of Beacon Health System, Inc Both organizations continue as full-care providers for their respective counties, and both organizations are committed to promoting the health of the communities they serve

Identifier	ReturnReference	Explanation
7 State Filing of Community Benefit Report		Elkhart General Hospital, Inc , prepares a Community Benefit Report both for the State of Indiana and for the Annual Report, which is posted at www egh org

Additional Data

Software ID:
Software Version:
EIN: 35-0877574
Name: ELKHART GENERAL HOSPITAL INC

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **26** Name and address	Type of Facility (Describe)
FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart, IN 46514	Owned Physician Practice
FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart, IN 46514	Owned Physician Practice
FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart, IN 46514	Owned Physician Practice
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FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart, IN 46514	Owned Physician Practice
FAMILY PRACTICE ASSOCIATES 3301 County Road 6 East Elkhart, IN 46514	Owned Physician Practice

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Schedule I (Form 990)

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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) UNITED WAY OF ELKHART COUNTY601 CR 17 PO BOX 3048 ELKHART,IN 46515	35-0953433	501(c)(3)	60,755		CASH		Corporate match of employees contributions Community benefit for various education, social, and health concerns addressed by United Way
(2) RIBBON OF HOPE600 EAST BOULEVARD ELKHART,IN 46514	35-2118856	501(c)(3)	35,000		CASH		CANCER SUPPORT
(3) HEART REACH MICHIANA500 ARCADE STREET SUITE 230 ELKHART,IN 46514	20-2527524	501(c)(3)	12,500		CASH		Automated External Defibrillators placed in public places and with local emergency responders
(4) INDIANA UNIVERSITY FOUNDATION1234 NOTRE DAME AVENUE SOUTH BEND,IN 46617	35-6018940	501(c)(3)	15,000		CASH		Medical Student social event to attract physicians to area
(5) DOWNTOWN ELKHART INC418 SOUTH MAIN STREET ELKHART,IN 46516	31-1173964	501(c)(3)	10,000		CASH		Jazz Festival

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 5

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

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

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

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

Identifier	Return Reference	Explanation
SCHEDULE I, PART II	CHARITABLE DONATIONS	PART OF THE ORGANIZATION'S MISSION IS TO IMPROVE THE HEALTH OF OUR COMMUNITY IN ORDER TO FULFILL THIS GOAL, OUR ADMINISTRATORS HAVE THE ABILITY TO MAKE DONATIONS TO ORGANIZATIONS THAT IMPROVE THE HEALTH AND WELL BEING OF OUR COMMUNITY

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Gregory Lintjer	(i)	552,998	358,371	25,799	1,224,109	16,388	2,177,665	358,371
	(ii)							
(2) Kevin Higdon	(i)	272,076	54,742	2,494	634,733	20,631	984,676	54,742
	(ii)							
(3) Gregory Losasso	(i)	270,734	92,732	644	48,100	16,581	428,791	43,378
	(ii)							
(4) Kurt Meyer	(i)	164,095	44,370	3,215	0	16,294	227,974	44,370
	(ii)							
(5) Danielle Dyer	(i)	175,508	55,535	239	33,852	14,673	279,807	21,403
	(ii)							
(6) Jeff Howe	(i)	398,629	99,252	0	68,670	17,986	584,537	15,612
	(ii)							
(7) Majid Malik	(i)	265,658	46,561	9,588	36,832	18,453	377,092	2,148
	(ii)							
(8) Burton Boron	(i)	258,131	50,613	0	78,052	13,123	399,919	41,105
	(ii)							
(9) Douglas Jarvis	(i)	234,462	56,270	24,458	32,227	15,977	363,394	7,231
	(ii)							
(10) Laura Munkel	(i)	222,780	70,492	854	43,284	16,605	354,015	26,152
	(ii)							
(11) Jeffrey Costello	(i)							
	(ii)	282,072	303,186	22,791	17,402	15,534	640,985	202,350
(12) Phillip Newbold	(i)	0	0	0	0	0	0	0
	(ii)	559,219	891,563	224,855	22,046	20,312	1,717,995	448,804

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
Supplemental Compensation Information		Part I, line 1a Health or social club dues are taxable and added to the appropriate W-2 for Gregory Lintjer, President, dues were paid to YMCA and Rotary These are correctly reported in column Biii for Mr Lintjer Part I, line 4b RELATED ORGANIZATION (MEMORIAL HEALTH SYSTEM, INC) EMPLOYEE 2011 EARNED VESTED 457(f) EMPLOYEE 2011 EARNED 457(f) PHILIP NEWBOLD $191,729 MEMORIAL HEALTH SYSTEM PROVIDED A NON-QUALIFIED SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM (SERP) TO CERTAIN EXECUTIVES THE PURPOSE OF THE PLAN WAS TO PROVIDE AN ADDED RETIREMENT BENEFIT OVER THE QUALIFIED RETIREMENT PROGRAM QUALIFIED INDIVIDUALS WERE ELIGIBLE TO RECEIVE A BENEFIT, IN THE FORM OF AN AFTER TAX LUMP SUM WHICH WAS THE ACTUARIAL EQUIVALENT OF AN ANNUITY, EQUAL TO 65% OF THE AVERAGE OF THEIR LAST FIVE YEARS OF PRERETIREMENT EARNINGS, OR 70% WITH MORE THAN 25 YEARS OF SERVICE, WITH OFFSETS FOR THE VALUE OF SOCIAL SECURITY AND QUALIFIED RETIREMENT PLAN BENEFITS PARTICIPANTS WERE VESTED INTO THE SERP AFTER FIVE YEARS OF SERVICE THE INCREASE IN VALUE OF THE BENEFIT EACH YEAR WAS INCLUDED IN THE TAXABLE COMPENSATION OF VESTED SERP PARTICIPANTS SUCH AMOUNTS WERE INCLUDED IN PART II COLUMN (b)(iii) IF A VESTED EMPLOYEE LEAVES EMPLOYEMENT, THE ANNUAL VALUE OF THE BENEFIT IS CONVERTED TO A LUMP SUM AND PAID TO THE PARTICIPANT AFTER FULFILLING THE TERMS OF THEIR NON-COMPETE AGREEMENT THE PLAN WAS TERMINATED ON 12/31/2011 Deferred benefits under defined benefit Supplemental Employee Retirement Plan (SERP) expense at $502,586 for Gregory Lintjer, President The SERP benefits are included in Schedule J, Column C and will not be paid out until after Mr Lintjer retires SERP is part of the overall retirement plan Deferred benefits under the defined benefit Restoration Plan Expense, which is included in Schedule J, Column C for the following employees Gregory Lintjer, $189,267, Kurt Meyer, $4,160, and Kevin Higdon, $5,951 Consistent with the above SERP, the payment will be made in accordance with plan terms Other deferred compensation (column c) includes management bonuses and capital accumulation benefits earned For Mr Lintjer, total incentive compensation reported was $457,620 for bonuses and $76,321 for capital accumulation Deferred compensation and severance in the amount of $577,501 was reported in Schedule J, Column C for Kevin Higdon This payment is the subject of a lawsuit and may not be paid In column (F), compensation reported previously for Mr Lintjer includes a management bonus of $221,484 and capital accumulation benefit of $136,887 The amounts reported for the other individuals represent bonuses Walter Halloran served as a volunteer board member, but was compensated for his services as a physician beginning in December 2011

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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	HOSPITAL AUTHORITY OF ELKHART COUNTY	35-1657690	287468EM0	12-09-2008	47,800,000	SEE PART VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,275,000			
2	Amount of bonds defeased	0			
3	Total proceeds of issue	47,800,000			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrow	0			
7	Issuance costs from proceeds	478,471			
8	Credit enhancement from proceeds	33,988			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	47,287,541			
12	Other unspent proceeds	0			
13	Year of substantial completion	2004			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
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?								
c	Are there any research agreements that may result in private business use of bond-financed property?		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 ▶		1 900 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %						
6	Total of lines 4 and 5		1 900 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
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						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?	X							

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
Part I Line A (f)	0	TO REFUND 04/02/2003 BOND ISSUE THE REFUNDED BONDS WERE ISSUED TO PAY FOR OR REIMBURSE THE COST OF CONSTRUCTION OF CERTAIN PORTIONS OF A NEW BUILDING, A NEW PARKING GARAGE, A NEW PATIENT RECORDS SYSTEM, AND OTHER CAPITAL EQUIPMENT OR BUILDING IMPROVEMENTS

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PATRICIA KILLOREN	WIFE OF BOARD MEMBER	14,869	PAYROLL - COMP AS NURSE		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

Identifier	Return Reference	Explanation
Description of Relationships	Form 990, Part VI, Question 2	Scott Troeger and Glenn Killoren Business Relationship John Martin and Todd Martin Family Relationship Dan Morrison and Craig Fulmer Family Relationship Description of Significant Changes to Organizing or Enabling Document Form 990, Part VI, Question 4 In March 2011, Memorial Health System, Inc (MHS) and Elkhart General Hospital, Inc (EGH) completed a memorandum of understanding to form an affiliation Effective December 1, 2011, a newly formed corporation, Beacon Health System, Inc (Beacon), became the sole corporate member for both MHS and EGH Members of the Organization Form 990, Part VI, Question 6 Beacon Health System, Inc is the sole corporate member of Elkhart General Hospital, Inc ELECTION OF BOARD MEMBERS FORM 990, PART VI, SECTION A, LINE 7A THE CORPORATE MEMBER SHALL APPOINT THE BOARD OF DIRECTORS OF ELKHART GENERAL HOSPITAL, INC AND SHALL HAVE SUCH POWERS OF ADVANCE APPROVAL REGARDING CORPORATE ACTIONS AS ARE DELINEATED IN THE BY-LAWS OF ELKHART GENERAL HOSPITAL, INC DECISIONS OF THE BOARD OF DIRECTORS FORM 990, PART VI, SECTION A, LINE 7B DECISIONS OF THE BOARD OF DIRECTORS MUST BE APPROVED BY THE CORPORATE MEMBER Describe the Process used by Management &/or Governing Body to Review 990 Form 990, Part VI, Question 11B THE ORGANIZATION INCORPORATES NUMEROUS PARTIES IN THE PRODUCTION AND REVIEW OF THE FORM 990 AND ASSOCIATED SCHEDULES SENIOR ACCOUNTING STAFF AND MANAGEMENT COMPLETE THE FORM 990 AND SCHEDULES THE FORMS AND SCHEDULES ARE REVIEWED BY THE CONTROLLER AND CFO SUBSEQUENT TO THOSE STEPS, THE ORGANIZATION ENGAGED ERNST & YOUNG TO REVIEW THE COMPLETED FORM 990 AND APPROPRIATE SCHEDULES AFTER FILING THE RETURN, THE COMPENSATION COMMITTEE OF THE ORGANIZATION AND THE CEO CONDUCT A GENERAL OVERVIEW OF THE FORM 990, INCLUDING APPLICABLE COMPENSATION SCHEDULES IN ADDITION, THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE WILL RECEIVE A COPY OF THE 990 PRIOR TO FILING Description of Process to Monitor Transactions for Conflicts of Interest Form 990, Part VI, Question 12c The Hospital has a conflict of interest policy to protect the Hospital's interest when it is contemplating entering into a transaction or arrangement in which an Officer, Director, or Key Employee of the Hospital is financially interested Annually, board members and key employees complete and sign a conflict of interest questionnaire The replies are reviewed by the Chief Financial Officer and further clarification or information is sought as deemed necessary For new or non-routine action items, the board chair will inquire of board members prior to voting as to whether or not someone might have a conflict In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and the members of board committees considering the proposed transaction or arrangement After disclosure, the interested person shall leave the Board or Committee meeting while the financial interest is being voted upon The remaining Board or Committee members shall decide if a conflict of interest exists 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 explanation Offices & Positions for Which Process was Used, & Year Process was Begun Form 990, Part VI, Question 15a & 15b The full board has delegated responsibility for the review and determination of executive compensation to the Executive Committee of the Board Prior to making any salary or benefit changes for the Chief Executive Officer (CEO), the Committee obtains and relies upon comparative hospital compensation and benefits data provided by an independent compensation firm The Committee, excluding the CEO, considers the independent data in conjunction with the job performance of the CEO Compensation and/or benefit changes are approved by the Committee and duly documented in the Committee meeting minutes Changes to Vice Presidents' salaries are also reviewed and approved by the Executive Committee of the Board Every other year, the Committee authorizes Human Resources to engage an independent compensation firm to conduct a complete review of the compensation and benefits structure for senior leadership The CEO considers the independent data in conjunction with job performance to evaluate and then recommend salary changes to the Committee Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmts to Gen Public Form 990, Part VI, Question 19 The governing documents and conflict of interest policy statements are made available upon request and upon approval by the President The financial statements are made available at an annual meeting held in April which is open to the public financial statements are made available at an annual meeting held in April which is open to the public Form 990, Part XI, line 5 Unrealized Loss on Investments - (11,622,088) Pension Liability - (37,967,955) Total - (49,590,043)
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Jeffrey Costello TITLE CFO effective 12/21/2011 HOURS 44
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Phillip Newbold TITLE CEO effective 12/11/11 HOURS 44

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ELKHART GENERAL HOSPITAL INC

Employer identification number
35-0877574

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) Elkhart General Hospital Foundation 600 East Blvd Elkhart, IN 46514 35-6061200	Charitable Su	IN	501(c)(3)	11, Type II	NA		No
(2) Elkhart General Hospital Auxiliary 600 East Blvd Elkhart, IN 46514 35-0938148	Volunteer Sup	IN	501(c)(3)	11, Type I	NA		No
(3) MEMORIAL HEALTH SYSTEM INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536132	CORP SVC/CLIN	IN	501(C)(3)	9	BEACON	Yes	
(4) MEMORIAL HEALTH FOUNDATION INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536129	FINANCIAL SUP	IN	501(C)(3)	9	MHS	Yes	
(5) MEMORIAL ENDOWMENT FUND FOR MEMORIAL HOS PO BOX 1602 SOUTH BEND, IN 46634 35-0877574	ENDOWMENT	IN	501(C)(3)	11D III-O	MHSB	Yes	
(6) BEACON HEALTH SYSTEM INC 600 EAST BOULEVARD ELKHART, IN 46514 45-3864076	PARENT ORG	IN	501(c)(3)	11c 111-FI	NA		No
(7) Memorial Hospital of South Bend Inc 615 N Michigan Street South Bend, IN 46601 35-0868132	Hospital	IN	501(c)(3)	3	BEACON	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.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) RiverPointe Cardiovascular Laboratory L 500 Arcade Ave Ste 410 Elkhart, IN 46514 35-2042178	Cardiovascular La	IN	NA	Related	-49,464	-8,681		No	0		No	50 000 %
(2) Wakarusa Medical Clinic LLC PO Box 501 Nappanee, IN 46550 20-0273243	Building Lessor		NA	Related	52,191	407,261		No	0		No	41 780 %
(3) WaNee Walk In Clinic LLC 1028-A East Waterford St PO Box 3 Wakarusa, IN 46573 27-2192375	Medical Clinic		NA	Related	18,037	41,314		No	0	Yes		50 000 %
(4) Michiana Linen Service LLC 600 East Blvd Elkhart, IN 46514 27-2182953	Linen Washing		NA	Related	20,652	1,616,125	Yes		0	Yes		50 000 %
(5) Elkhart General-ANC Home Care LLC 1700 Edison Drive Suite 300 Milford, OH 45150 45-2094186	Home Care		NA	Related	-348,500	1,165,564		No			No	50 000 %
(6) Elkhart General - CMS Home Medical Equip 1700 Edison Dr Ste 300 Milford, OH 45150 45-2094744	Medical Equipment		NA	Related	-107,219	758,637		No			No	50 000 %

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

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

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		
r Other transfer of cash or property from related organization(s)	1r	Yes	

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 35-0877574
Name: ELKHART GENERAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Elkhart General Hospital Foundation 600 East Blvd Elkhart, IN 46514 35-6061200	Charitable Su	IN	501(c)(3)	11, Type II	NA		No
Elkhart General Hospital Auxiliary 600 East Blvd Elkhart, IN 46514 35-0938148	Volunteer Sup	IN	501(c)(3)	11, Type I	NA		No
MEMORIAL HEALTH SYSTEM INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536132	CORP SVC/CLIN	IN	501(C)(3)	9	BEACON	Yes	
MEMORIAL HEALTH FOUNDATION INC 615 N MICHIGAN STREET SOUTH BEND, IN 46601 35-1536129	FINANCIAL SUP	IN	501(C)(3)	9	MHS	Yes	
MEMORIAL ENDOWMENT FUND FOR MEMORIAL HOS PO BOX 1602 SOUTH BEND, IN 46634 35-0877574	ENDOWMENT	IN	501(C)(3)	11D III-O	MHSB	Yes	
BEACON HEALTH SYSTEM INC 600 EAST BOULEVARD ELKHART, IN 46514 45-3864076	PARENT ORG	IN	501(c)(3)	11c 111-FI	NA		No
Memorial Hospital of South Bend Inc 615 N Michigan Street South Bend, IN 46601 35-0868132	Hospital	IN	501(c)(3)	3	BEACON	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Wakarusa Medical Clinic LLC	j	141,600	
(2)	Michiana Linen LLC	k	1,373,875	
(3)	Michiana Linen LLC	l	1,162,687	
(4)	Elkhart General ANC Home Care LLC	b	1,514,464	
(5)	Elkhart General ANC Home Care LLC	a	172,000	
(6)	Elkhart General CMS Home Medical LLC	b	663,540	
(7)	Elkhart General CMS Home Medical LLC	a	82,000	

FINANCIAL STATEMENTS

Elkhart General Hospital, Inc
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Elkhart General Hospital, Inc.

Financial Statements

Years Ended December 31, 2011 and 2010

Contents

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Notes to Financial Statements	7

Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Elkhart General Hospital, Inc
Elkhart, Indiana

We have audited the accompanying balance sheets of Elkhart General Hospital, Inc , (the Hospital) as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit 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 provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elkhart General Hospital, Inc as of December 31, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in Note 2 to the financial statements, effective January 1, 2011, the Hospital designated its investments as trading securities Also discussed in Note 2 to the financial statements, in 2011, the Hospital adopted authoritative guidance issued by the Financial Accounting Standards Board related to the presentation and disclosure of patient service revenue, provisions for bad debts and the allowance for doubtful accounts

Crowe Horwath LLP

Chicago, Illinois
April 30, 2012

Elkhart General Hospital, Inc.
Balance Sheets
December 31, 2011 and 2010
(Amounts in thousands)

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 5,130	$ 8,897
Short-term investments	30,849	21,877
Accounts receivable, less allowances for doubtful accounts of $8,413 in 2011 and $7,443 in 2010	43,002	53,018
Due from third-party payors	1,182	1,118
Inventories	6,690	5,503
Prepaid expenses and other	10,079	8,632
Total current assets	96,932	99,045
Assets limited as to use		
Internally designated investments	154,630	165,414
SERP and restoration plan investments	4,694	–
Endowment investments	4,664	5,017
	163,988	170,431
Property and equipment		
Land	2,651	2,688
Buildings and improvements	176,069	174,414
Equipment	120,799	114,291
Construction in progress	2,854	4,467
	302,373	295,860
Less allowances for depreciation and amortization	171,993	156,625
	130,380	139,235
Unamortized bond issuance costs, net	714	751
Investments in and advances to affiliates	4,489	2,124
	5,203	2,875
	$ 396,503	$ 411,586

Elkhart General Hospital, Inc.
Balance Sheets
December 31, 2011 and 2010
(Amounts in thousands)

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 9,990	$ 9,780
Accrued expenses	19,566	15,769
Due to third-party payors	1,093	1,093
Current portion of long-term debt	2,195	2,085
Total current liabilities	32,844	28,727
Noncurrent liabilities		
Long-term debt, less current portion	81,788	83,954
Accrued pension liability	60,420	24,001
Other liabilities	5,746	5,716
	147,954	113,671
Total liabilities	180,798	142,398
Net assets		
Unrestricted	211,041	264,171
Temporarily restricted	4,264	4,617
Permanently restricted	400	400
Total net assets	215,705	269,188
	$ 396,503	$ 411,586

See accompanying notes to financial statements.

Elkhart General Hospital, Inc.
Statements of Operations and Changes in Net Assets
For the years ended December 31, 2011 and 2010
(Amounts in thousands)

	2011	2010
Unrestricted revenue		
Revenue, before provision for bad debts	$ 240,167	$ 251,459
Provision for bad debts	(18,369)	(16,301)
Net patient service revenue	221,798	235,158
Other revenue	10,761	11,081
Total revenue	232,559	246,239
Expenses		
Salaries and wages	92,128	91,360
Employee benefits	29,355	28,666
Supplies and other	76,177	79,103
Professional fees and purchased services	27,265	23,303
Depreciation and amortization	17,606	17,769
Interest	2,042	2,147
	244,573	242,348
(Loss) income from operations	(12,014)	3,891
Non-operating		
Investment income, net	8,114	6,592
Realized gain (loss) on investments	1,544	(48)
Other, impairment expense	(1,670)	–
Reclassification of net unrealized gains on securities transferred to trading (Note 2)	9,943	–
Change in unrealized gains/losses on investments	(11,136)	–
	6,795	6,544
(Deficit) excess of revenue over expenses	(5,219)	10,435

Elkhart General Hospital, Inc.
Statements of Operations and Changes in Net Assets (continued)
For the years ended December 31, 2011 and 2010
(Amounts in thousands)

	2011	2010
Unrestricted net assets		
(Deficit) excess of revenue over expenses	$ (5,219)	$ 10,435
Change in unrealized gains/losses on investments	–	15,043
Reclassification of net unrealized gains on securities transferred to trading (Note 2)	(9,943)	–
Pension liability	(37,968)	3,372
(Decrease) increase in unrestricted net assets	(53,130)	28,850
Temporarily restricted net assets		
Investment income (loss)	(353)	497
(Decrease) increase in temporarily restricted net assets	(353)	497
(Decrease) increase in net assets	(53,483)	29,347
Net assets at beginning of year	269,188	239,841
Net assets at end of year	$ 215,705	$ 269,188

See accompanying notes to financial statements.

Elkhart General Hospital, Inc.
Statements of Cash Flows
For the years ended December 31, 2011 and 2010
(Amounts in thousands)

	2011	2010
Operating activities		
Change in net assets	$ (53,483)	$ 29,347
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	17,606	17,769
Provision for bad debts	18,369	16,301
Realized and unrealized gains (losses) on investments	9,928	(15,484)
Proceeds (loss) from restricted contributions and gains (losses) on investments, net of investment income released from restrictions	353	(497)
Pension adjustment	37,968	(3,372)
Gain on asset disposal	(785)	(376)
Impairment of fixed assets	1,470	–
Changes in operating assets and liabilities		
Accounts receivable	(8,353)	(25,980)
Other receivables, inventories, due from affiliates and prepaid expenses	(1,906)	(1,314)
Other assets	(752)	(758)
Accounts payable, accrued expenses, and other current liabilities	2,802	3,204
Other long-term liabilities	(1,490)	1,142
Net cash provided by operating activities	21,727	19,982
Investing activities		
Purchases of investments	(53,898)	(79,814)
Sales of investments	41,441	64,765
Purchase of property and equipment	(9,643)	(9,138)
Proceeds from the sale of property and equipment	1,412	21
Change in investment in and advances to affiliates	(2,368)	(262)
Net cash used in investing activities	(23,056)	(24,428)
Financing activities		
Principal payments on long-term debt	(2,085)	(2,000)
Proceeds (loss) from restricted contributions and gains (losses) on investments, net of investment income released from restrictions	(353)	497
Net cash used in financing activities	(2,438)	(1,503)
Increase (decrease) in cash and cash equivalents	(3,767)	(5,949)
Cash and cash equivalents at beginning of year	8,897	14,846
Cash and cash equivalents at end of year	$ 5,130	$ 8,897
Supplemental disclosure of cash flow information		
Interest paid	$ 2,195	$ 2,283
Fixed assets in accounts payable at year end	$ 1,205	$ 1,572

See accompanying notes to financial statements

1. Organization

Elkhart General Hospital, Inc (the Hospital) is a tax-exempt Indiana Hospital under Internal Revenue Code Section 509 (a)(1) as an organization described in Section 501(c)(3) The Hospital provides inpatient, outpatient, emergency care services and physician services to residents of Elkhart, Indiana, and surrounding communities

In March 2011, the Hospital and Memorial Health System, Inc (MHS) completed a memorandum of understanding to form an affiliation Effective December 1, 2011, a newly formed corporation, Elkhart Memorial Topco Inc (EMT), became the sole corporate member of both the Hospital and MHS On December 1, 2011, the combination with MHS was completed in the form of a Combination Agreement In connection with the closing on this date, the Hospital amended and revised both the Hospital's Articles of Incorporation and Bylaws Seven members of the Hospital's existing Board as well as seven members from MHS's existing Board are now members of the new parent company Board of Directors

One-time costs associated with the affiliation totaled approximately $1,600, which consists of legal and consulting fees and severance expense

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements The use of estimates and assumptions in the preparation of the accompanying financial statements is primarily related to the determination of net accounts receivable, settlements with third-party payors, and accruals for pension and malpractice liabilities Estimates also affect the reported amounts of revenue and expenses during the reporting period Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates

Cash and Cash Equivalents

All investments that are not limited as to use with a maturity of three months or less at the time of acquisition are reflected as cash equivalents Cash equivalents include checking accounts, money market accounts, and petty cash Deposits in financial institutions may, at times, exceed federally-insured limits The carrying value of cash equivalents approximates fair value

2. Summary of Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments include cash reinvested on a daily basis, accrued interest on investments, and money expected to be used in less than one year as part of the Hospital's community benefit Also included in short-term investments are trust funds held for supplemental executive pension benefits

Accounts Receivable

Receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors The Hospital evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, payor class, and the anticipated future uncollectible amounts based on historical experience Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible The Hospital charges interest on past due patient accounts receivable, such amounts were not significant in 2011 and 2010

Estimated Amounts Due From (To) Third-Party Payors

Estimated retroactive adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies, are accrued on an estimated basis and are adjusted in future periods as final settlements are determined See Note 3 for more information

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees (the Board) for future capital improvements and community health enhancement initiatives, which the Board, at its discretion, may subsequently use for other purposes Additionally, assets limited as to use also includes assets held by trustees under debt agreements and deferred compensation plans, and donor restricted endowment funds

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices for those or similar investments Dividend and interest income, realized gains and losses, and changes to fair values of investments (in 2011) are reported as non-operating investment income in the statements of operations and changes in net assets

2. Summary of Significant Accounting Policies (continued)

Effective January 1, 2011, the Hospital designated its investments as trading securities As a result of this designation, $9,943 of cumulative net unrealized gains on the trading portfolio as of January 1, 2011, not previously recognized in earnings, were recognized as non-operating income For the year ended December 31, 2010, unrealized gains or losses on investments are excluded from the excess of revenues over expenses, unless the loss is determined to be other than temporary as discussed below

Investment income on proceeds of borrowings that are held by a trustee are included in operating revenue Unrestricted contributions and income from all other investments are recorded as nonoperating gains

Realized gains from the sale of investments are recognized using the first-in, first-out cost basis for sales of marketable equity securities Gains and losses from sales of debt securities are recognized using a specific identification cost basis

For the year ended December 31, 2010, investment securities are regularly evaluated for impairment The Hospital considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends The Hospital considers the length of time an investment's fair value has been below carrying value, the near term prospects for recovery to carrying value, and the intent and ability to hold the investment until maturity or market recovery is realized If and when a determination is made that a decline in fair value below the cost basis is other than temporary, the related investment is written down to its estimated fair value and included as a realized loss in excess of revenue over expenses

Inventories

Inventories, consisting of pharmaceuticals and other supplies, are stated at the lower of cost (first-in, first-out method), or market

Unamortized Bond Issuance Costs

Costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related financing, which approximates the effective interest method The accumulated amortization was $640 and $575 at December 31, 2011 and 2010, respectively

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Hospital's carrying amount for its financial instruments, which includes cash and cash equivalents, investments and assets limited as to use, accounts receivable, and long-term debt at December 31, 2011 and 2010 approximate fair value The estimated fair value amounts have been determined by the Hospital using available market information and appropriate valuation methodologies Considerable judgment is required in interpreting market data and developing these estimates The fair value of the Hospital's debt based on quoted market prices for same or similar issues was $84,501 and $85,067 at December 31, 2011 and 2010, respectively

Investment in Nonconsolidated Affiliates

The Hospital accounts for its investments in less than majority-owned and controlled affiliates using the equity method of accounting These investments are included in other long-term assets

Property and Equipment

Property and equipment are carried at cost, except donated assets, which are recorded at fair value at date of donation Property and equipment are capitalized when the cost is equal to or greater than $2,500, in accordance with the Hospital's policy Depreciation is provided by utilizing the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years

Asset Impairment

The Hospital considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate Impairment write-downs are recognized in operating expenses at the time the impairment is identified At December 31, 2010, the Hospital believes that no impairment exists Refer to Note 17 for a discussion of the December 31, 2011 fixed asset impairment

Net Patient Service Revenue

The Hospital has agreements with various third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts received or due from patients, third-party payors, and others for services rendered These amounts include estimated adjustments under certain reimbursement agreements with third-party payors, which are subject to audit by the applicable administering agency These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined (see Note 3)

2. Summary of Significant Accounting Policies (continued)

Community Commitment

The Hospital provides care to all patients regardless of their ability to pay Charity care provided by the Hospital is excluded from net patient service revenue (see Note 4)

(Deficit) Excess of Revenue over Expenses

The statements of operations and changes in net assets include (deficit) excess of revenue over expenses Changes in unrestricted net assets, which are excluded from (deficit) excess of revenue over expenses, includes pension adjustments, changes in unrealized investment gains and losses (2010) and any net assets released from restrictions There were no net assets released from restrictions for the years ended December 31, 2011 and 2010

Forgivable Loans

The Hospital has loans to employed and associated physicians that provide for forgiveness over a specified period of time Compensation expense will be recorded in accordance with the agreement upon completion of the specified period Forgivable loans are recorded in prepaid expenses and other current assets on the balance sheets at December 31, 2011 and 2010 and were $853 and $463, respectively

Recent Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23) The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated for disclosures across healthcare entities that provide it Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care This new guidance is effective for fiscal years beginning after December 15, 2010, with early application permitted The Hospital has historically reported charity care at cost

In July 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.* The guidance requires certain health care entities to reclassify in the statement of operations the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenues (net of contractual allowances and discounts) Additionally, the guidance requires enhanced disclosures about policies for recognizing revenue, assessing bad debts and qualitative and quantitative information about the changes in the allowance for uncollectible accounts The guidance is effective for the Hospital for the reporting period beginning January 1, 2012, with early adoption permitted The Hospital adopted this guidance in 2011 and has implemented it retrospectively

2. Summary of Significant Accounting Policies (continued)

In August 2010, the FASB issued ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis The amendments to Topic 954 clarify that a health care entity should not net insurance recoveries against a related claim liability, the amount of the claim liability should be determined without consideration of insurance recoveries The Hospital adopted ASU 2010-24 for the year ended December 31, 2011 The adoption of ASU 2010-24 had no material impact on the 2011 balance sheet of the Hospital

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation These reclassifications did not impact excess of revenue over expenses or total net assets as previously reported

3. Contractual Arrangements with Third-Party Payors and Uncollectible Accounts

The Medicare and Medicaid programs reimburse the Hospital for inpatient and outpatient services at predetermined rates based on treatment diagnosis Changes in the Medicare and Medicaid programs or reduction of funding levels for the programs could have an adverse effect on future amounts recognized as net patient service revenue

The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Managed care reimbursement agreements provide for payment of patient services at a fixed percentage of covered charges The Hospital has also entered into contractual arrangements with various health maintenance and preferred provider organizations, the terms of which call for the Hospital to be paid for covered services at predetermined rates, including percent of charges, per diem, and case rate

Net patient service revenue is recorded in the period in which services are rendered, based upon estimated amounts due from patients and third party payors Third parties include Medicare, Medicaid, managed health care plans, and other commercial plans Estimated amounts due are calculated from contractually obligated terms of payment for each payor, as well as uninsured discounts applied for patients with no insurance coverage Estimated contractual adjustments and bad debt expense are adjusted monthly based on actual payment history, collection experience and estimates Subsequent to the affiliation described in Note 1, management recorded adjustments to contractual allowance accounts based on assumptions and estimates that change from prior year These adjustments increased the 2011 (deficit) excess of revenue over expenses by approximately $6,600

3. Contractual Arrangements with Third-Party Payors and Uncollectible Accounts (continued)

Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows

Payor	2011	2010
Anthem	$ 59,115	$ 65,382
Commercial	61,041	59,858
Medicare	76,820	86,420
Medicaid	1,218	1,665
Self pay and uninsured	41,973	38,134
Revenues before provision for bad debts	240,167	251,459
Provision for bad debts	(18,369)	(16,301)
Net patient service revenue	$ 221,798	$ 235,158

Revenues received under the Medicare program account for 35% and 37% of net patient service revenue for the years ended December 31, 2011 and 2010, respectively Revenues received under the Anthem Payor Contract account for 27% and 28% of net patient service revenue for the years ended December 31, 2011 and 2010, respectively

Credit is granted without collateral to patients, most of whom are local residents and are insured under third-party arrangements Major components of net accounts receivable include 34% from Medicare and 12% from Anthem at December 31, 2011, and 37% from Medicare and 14% from Anthem at December 31, 2010

The provision for bad debts is based upon management's assessment of historical and expected net collections taking into consideration the trends in health care coverage, historical economic trends and other collection indicators Management assesses the adequacy of the allowances periodically throughout the year based upon historical write-off experience by major payor category The results of the review are then utilized to make modifications, as necessary, to the provision for bad debts to provide for an appropriate allowance for uncollectible accounts A significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided

3. Contractual Arrangements with Third-Party Payors and Uncollectible Accounts (continued)

At December 31, 2011 and 2010 the allowance for uncollectable accounts recognized in the period by major payor source is as follows

Payor	2011	2010
Third-Party Payors	$ 1,223	$ 175
Uninsured	7,190	7,268
Total Allowance	$ 8,413	$ 7,443

Discounts given to the Hospital's uninsured patients are determined to be approximately 30% in both 2011 and 2010 Self pay discounts totaled $13,110 and $11,109 in 2011 and 2010, respectively The Hospital increased the estimated allowance for uncollectable accounts for third party payors in 2011 in connection with the co-pay and deductible amounts not paid by patients

Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits For the years ended December 31, 2011 and 2010, net patient service revenue has been increased by approximately $1,434 and $2,658, respectively, for third-party settlements

4. Community Commitment

The Hospital discloses charity care at estimated direct and indirect costs The Hospital utilized a cost to charge ratio methodology to determine cost

Community commitment represents charity care and/or unreimbursed costs for services rendered at a reduced fee, or no fee, due to the inability of the patient to pay for services The amount of the charity care provided was approximately $3,634 and $4,402 for the years ended December 31, 2011 and 2010, respectively, at estimated cost

Additionally, the Hospital reinvests funds into the community to improve the health status of community members, in particular, under-served populations Each year, the Hospital tithes based on the Hospital's income from operations The estimated amount of tithing funds expended was approximately $349 and $363 for the years ended December, 2011 and 2010, respectively

5. Benefit Plans

The Hospital maintains defined-contribution employee retirement and savings plans as provided for in Internal Revenue Code Sections 401(a) and 403(b) All employees are eligible to participate For the 403(b) plan, the Hospital matches 50% of an employee's contribution up to 6% on a payroll by payroll basis The total employer match was approximately $1,784 and $1,573 for 2011 and 2010, respectively For the 401(a) plan, the Hospital's contribution varies between 1% and 6% of annual pay based upon an employee's age and years of service Employer contributions were approximately $2,645 and $2,579 for the years ended December 31, 2011 and 2010, respectively The Hospital has accrued $2,642 and $2,586 in employer contributions and related liabilities at December 31, 2011 and 2010, respectively

The Hospital also maintains a partially frozen, non-contributory, defined-benefit pension plan (the Plan), covering substantially all of the Hospital's employees Effective December 31, 2007 the Hospital froze the plan for all participants who had not attained the age of 50 and accumulated 15 years of vesting service as of December 31, 2007 Participants who were are at least 50 years old and had accumulated 15 years of vesting service at December 31, 2007 will continue to accrue benefits under the terms of the plan No new participants are allowed to enter the plan

The Hospital's pension expense was approximately $1,455 and $2,481 in 2011 and 2010, respectively

In connection with the Hospital's adoption of FASB ASC 715, Compensation – Retirement Plans, the Hospital recognizes the overfunded or underfunded status of a defined benefit post-retirement plan as an asset or liability in its statement of operations and change in net assets and recognizes the changes in that funded status in the year in which the changes occur through the statement of operations and change in net assets The funded status of the Plan is recorded as a long-term liability on the Hospital's balance sheet

5. Benefit Plans (continued)

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the defined-benefit pension plan are as follows

	2011	2010
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 114,846	$ 107,953
Service cost	886	973
Interest cost	6,771	6,634
Actuarial loss	30,653	2,930
Benefits paid	(4,138)	(3,644)
Projected benefit obligation at year-end	$ 149,018	$ 114,846
Change in plan assets		
Fair value of plan assets at beginning of year	$ 90,845	$ 81,430
Actual (loss) gain on plan assets	(1,521)	11,376
Employer Contributions	3,413	1,683
Benefits paid	(4,138)	(3,644)
Fair value of plan assets at year-end	$ 88,599	$ 90,845
Funded status of the plan	$ (60,420)	$ (24,001)
Unrecognized prior service cost	9	11
Unrecognized net loss	64,826	26,447
Accrued benefit (liability) prepaid pension cost	$ 4,415	$ 2,457
Net periodic pension cost comprises the following		
Service cost	$ 886	$ 973
Interest cost	6,773	6,637
Expected return on plan assets	(7,700)	(6,853)
Recognized loss	1,496	1,724
Net periodic pension cost	$ 1,455	$ 2,481

5. Benefit Plans (continued)

Estimated benefit cost amortizations/AOCI increases in the next fiscal year

Prior service cost	$ 2
Net loss (gain)	5,000

The accumulated benefit obligation for the defined-benefit pension plan was $146,017 and $111,253 at December 31, 2011 and 2010, respectively

Weighted-average assumptions used to determine benefit obligations at December 31 are as follows

	2011	2010
Discount rate	4 25%	6 00%
Rate of compensation increase	3 00	3 00

Weighted average assumptions used to determine net periodic pension cost for years end December 31 as are follows

	2011	2010
Discount rate	6 00%	6 25%
Expected long-term return on plan assets	8 50	8 50
Rate of compensation increase	3 00	3 00

The Hospital's pension plan weighted-average asset allocations at December 31 by asset category are as follows

		Actual	
	Target	2011	2010
Asset category			
Equity	75%	61%	64%
Debt securities	24	38	35
Other	1	1	1
	100%	100%	100%

5. Benefit Plans (continued)

The plan exists to provide retirement benefits for covered employees of the Hospital consistent with the long-term interests of plan participants and their beneficiaries The plan's investment objectives may include, but are not limited to, maintaining, the purchasing power of current assets and all future contributions by producing positive real rates of return on plan assets, having the ability to pay all benefit and expense obligations when due, maximizing return within reasonable and prudent levels of risk in order to minimize contributions, and controlling costs in administering the plan and managing the investments

Fair Value of Plan Assets

Accounting Standard Codification 820-10-05, Fair Value Measurement, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Hospital's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date

FASB ASC820-10-05 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The standard describes three levels of inputs that may be used to measure fair value

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments

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

The following is a description of the valuation methodology used for level 2 assets measured at fair value There have been no changes in methodology used at December 31, 2011 and 2010

U S Government Securities U S government securities, included in the fair value table at Note 8, are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data Certain securities are valued principally using dealer quotations U S governmental securities are categorized in level 1 or level 2 depending on the inputs used and market levels for specific securities

Money Market Accounts The fair value of money market accounts is normally valued using amortized cost to the extent that periodic market-to-market calculations indicates the use of amortized cost approximating market value Money market accounts are categorized as level 2

5. Benefit Plans (continued)

The following tables sets forth by level, within the fair value hierarchy the Plan's assets carried at fair value as of December 31, 2011 and 2010

December 31, 2011	Level 1	Level 2	Level 3	Total
Domestic Equities – securities	$ 2,508	$ –	$ –	$ 2,508
Domestic Equities – mutual funds	34,171	–	–	34,171
International Equities –securities	106	–	–	106
International Equities – mutual funds	16,906	–	–	16,906
Fixed Income securities – mutual funds	33,899	–	–	33,899
Money Market	–	1,009	–	1,009
	$ 87,590	$ 1,009	$ –	$ 88,599

December 31, 2010	Level 1	Level 2	Level 3	Total
Domestic Equities – securities	$ 2,906	$ –	$ –	$ 2,906
Domestic Equities – mutual funds	46,690	–	–	46,690
International Equities –securities	107	–	–	107
International Equities – mutual funds	27,212	–	–	27,212
Fixed Income securities – mutual funds	12,848	–	–	12,848
Money Market	–	1,082	–	1,082
	$89,763	$ 1,082	$ –	$ 90,845

Contributions

Plan contributions made for 2011 and 2010 were approximately $3,413 and $1,683, respectively In March 2012, the Hospital made contributions for the 2012 plan year totaling $8,500

5. Benefit Plans (continued)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid

	Pension Benefit Payments
2012	$ 4,552
2013	4,962
2014	5,370
2015	5,781
2016	6,288
Thereafter	38,748
Total	$ 65,701

6. Lease Obligations

The Hospital leases certain office space and equipment under non-cancelable operating leases At December 31, 2011, the minimum future rental payments under these leases are as follows

2012	$ 495
2013	229
Thereafter	–
	$ 724

Rental expense for the years ended December 31, 2011 and 2010, was approximately $1,274 and $1,585 respectively

7. Long-Term Debt

Long-term debt consists of the following at December 31

	2011	2010
Tax-exempt bonds issued on behalf of the Hospital by the Hospital Authority of Elkhart County		
Hospital Revenue Bonds, Series 1998, bearing interest at fixed rates varying between 4 68 % to 5 25% due annually on August 15th of each year through 2028	$ 38,945	$ 40,240
Hospital Revenue Bonds, Series 2008, bearing interest at variable rates of 0 12% and 0 38% at December 31, 2011 and 2010, respectively, due annually on May 1st of each year through 2033	45,525	46,315
	84,470	86,555
Less unamortized discount	487	516
	83,983	86,039
Less current portion	2,195	2,085
	$ 81,788	$ 83,954

The Authority issued $49,330 of Series 1998 Hospital Revenue Bonds (Series 1998 Bonds) The Hospital borrowed the proceeds of the sale of the Series 1998 Bonds and evidenced this loan with a loan agreement, issued under the Trust Indenture date November 15, 1998, between the Authority and Bank One, N A , as trustee A portion of the proceeds of the Series 1998 Bonds were issued to retire interest payments and principal payments of certain previously outstanding Series 1992 Bonds The remaining are unsecured general obligations of the Hospital The Series 1998 Bonds mature in August 2028

The Authority issued $47,800 of Series 2008 Hospital Revenue Bonds (Series 2008 Bonds) The Hospital borrowed the proceeds of the sale of the Series 2008 bonds and evidenced this loan with a loan agreement, issued under the Trust Indenture dated December 1, 2008 The proceeds of the Series 2008 Bonds were issued to retire interest and principal payments of previously outstanding bonds The Series 2008 Bonds require the Hospital to hold a letter of credit with JP Morgan Chase Bank, N A in the amount of $46,243 The letter of credit expires on January 15, 2014 The letter of credit decreases by the principal payments made by the Hospital on the Series 2008 Bonds The Series 2008 Bonds mature in May 2033

The loan agreements require maintenance of a certain debt service coverage ratio, limit additional borrowings, and require compliance with various other restrictive covenants The Hospital was in compliance with all covenants

7. Long-Term Debt (continued)

Interest paid during 2011 and 2010 was $2,195 and $2,283, respectively

Interest capitalized during the years ended December 31, 2011 and 2010 was approximately $121 and $117, respectively

Maturities of long-term debt for each of the next five years are as follows

2012	$ 2,195
2013	2,450
2014	2,460
2015	2,595
2016	2,735

8. Fair Value of Financial Instruments

The fair value of the Hospital's long-term debt is approximately $84,501 and $85,067 at December 31, 2011 and 2010, respectively

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

As noted in Note 5, the Hospital adopted ASC 820-10-50-2, which establishes a three-level valuation hierarchy for disclosure of fair value measurements A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

8. Fair Value of Financial Instruments (continued)

The following tables present the financial instruments carried as of December 31, 2011 and 2010 as reflected in short-term investments and assets limited as to use on the balance sheet, by the valuation hierarchy for those instruments carried at fair value Investments in the deferred compensation plan are included in other long-term assets

December 31, 2011

	Level 1	Level 2	Level 3	Total
Domestic Equities- securities	$ 11,572	$ –	$ –	$ 11,572
Domestic Equities- mutual funds	88,909	–	–	88,909
International Equities- securities	1,120	–	–	1,120
International Equities- mutual funds	42,949	–	–	42,949
Fixed income securities- mutual funds	40,492	–	–	40,492
Fixed income securities- corporate bonds	632	–	–	632
Fixed income securities- US Treasuries	–	2,102	–	2,102
Fixed income securities- mortgage backed and other government	866	–	–	866
Money Market	–	6,195	–	6,195
	$186,540	$ 8,297	$ –	$ 194,837

December 31, 2010

	Level 1	Level 2	Level 3	Total
Domestic Equities- securities	$ 10,383	$ –	$ –	$ 10,383
Domestic Equities- mutual funds	99,143	–	–	99,143
International Equities- securities	1,020	–	–	1,020
International Equities- mutual funds	48,926	–	–	48,926
Fixed income securities- mutual funds	25,753	–	–	25,753
Fixed income securities- corporate bonds	346	–	–	346
Fixed income securities- US Treasuries	–	4,589	–	4,589
Fixed income securities- mortgage backed and other government	1,040	–	–	1,040
Money Market	–	1,108	–	1,108
	$186,611	$ 5,697	$ –	$ 192,308

8. Fair Value of Financial Instruments (continued)

The composition of assets limited as to use and short-term and long-term investments is as follows at December 31

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 1,501	$ 1,501	$ 1,108	$ 1,108
Mutual funds	163,227	165,048	156,716	146,010
Marketable equity securities	12,693	11,166	12,394	10,151
Bonds	17,416	17,317	22,090	22,152
	$ 194,837	$ 195,032	$ 192,308	$ 179,421

Assets limited as to use, which are carried at fair value based on quoted market prices, consist of the following at December 31

	2011	2010
Temporarily restricted	$ 4,264	$ 4,617
Permanently restricted	400	400
Unrestricted board-designated	154,630	156,074
	$ 159,294	$ 161,091

The unrestricted board-designated assets represent funds designated by the Board for future replacement and acquisition of property and equipment and the payment of principal on long-term debt

Investment returns for assets limited as to use, cash and cash equivalents, and short-term investments comprise the following for the years ended December 31

	2011	2010
Interest and dividend income	$ 8,379	$ 6,835
Interest expense	(265)	(243)
Net realized gains/(losses)	1,544	(48)
Net change in unrealized gains/(losses)	(11,136)	15,043
	$ (1,478)	$ 21,587

8. Fair Value of Financial Instruments (continued)

Investment returns are included in the statements of operations and changes in net assets for the years ended December 31 as follows

	2011	2010
Investment income and expense, and realized investment gains/(losses) included in non-operating income/expense, net	$ 9,886	$ 5,977
Other changes in unrestricted net assets – net change in unrealized gains/(losses), net	(11,136)	15,043
Temporarily restricted net assets investment income, net of trust fees, realized investment gains/(losses), and change in unrealized gains/(losses), net	(353)	497
Investment income released from restriction	125	70
	$ (1,478)	$ 21,587

The Hospital's investments are exposed to various kinds and levels of risk Equity mutual funds expose the Hospital to market risk, performance risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets Performance risk is that risk associated with a company's operating performance Fixed income securities expose the Hospital to interest rate risk, credit risk, and liquidity risk As interest rates change, the value of many fixed income securities is affected, including those with fixed interest rates Credit risk is the risk that the obligor of the security will not fulfill its obligations Liquidity risk is affected by the willingness of market participants to buy and sell given securities Liquidity risk tends to be higher for equities related to small capitalization companies Due to the volatility of the capital markets, there is a reasonable possibility of changes in fair value, resulting in additional gains and losses in the near term

9. Functional Expenses

The Hospital provides general health care services to residents within its geographic location The following table presents expenses related to this and general and administrative functions for the years ended December 31 Fundraising expenses were not significant in either 2011 or 2010

	2011	2010
Health care services	$ 220,797	$ 218,149
General and administrative	23,776	24,199
	$ 244,573	$ 242,348

10. Investments in Nonconsolidated Affiliates

The Hospital owned a 33% interest in Partners National Health Plans of Indiana, Inc , a health maintenance organization (HMO), at December 31, 2010 On January 23, 2003, the HMO announced a phase-out plan In March 2007, the Hospital received a $700 return of investment The phase-out was finalized during 2010 The dissolution of the HMO did not have a material adverse effect on the operations or financial condition of the Hospital

The Hospital owns a 40% interest in Northern Indiana Ambulatory Surgery Center, LLC, d/b/a RiverPointe Surgery Center (the Surgery Center) The Surgery Center was formed during 1996 by the Hospital and individual physicians to own and operate an ambulatory surgery center in space leased from the Hospital

The Hospital owns 50% of RiverPointe Cardiovascular Lab, LLC (the Cardiovascular Lab) The Cardiovascular Lab is owned by the Hospital and the Elkhart Clinic to operate a cardiovascular laboratory in space leased from the Hospital

The Hospital owns 25% of Community Occupational Medicine, LLC, an occupational healthcare facility located in Elkhart, Indiana

The Hospital owns 42% of Wakarusa Medical Clinic, LLC, which owns the Wakarusa Medical Clinic facility and leases it to the Hospital

The Hospital owns 50% of WaNee Walk In Clinic, LLC, a physician practice facility located in Wakarusa, Indiana

The Hospital owns 50% of Michiana Linen Service, LLC, a laundry facility located in Elkhart, Indiana The Hospital provides contract services to the LLC, and purchases laundry services in return

The Hospital is a guarantor for a portion the debt of an unconsolidated joint venture, Community Occupational Medicine, LLC, in which the Hospital records an equity interest The portion of the debt guaranteed by the Hospital is estimated at $411 and $611 at December 31, 2011 and 2010, respectively No amounts have been paid or accrued pursuant to this guarantee as of December 31, 2011 Community Occupational Medicine, LLC subsequently paid approximately $200 under the obligation as of, the date the financial statements were issued The Hospital has set aside corresponding funds, which are recorded as short-term investments on the balance sheets

During 2011 the Hospital entered into a 50/50 partnership agreement with American Care and Cornerstone Medical Services (CMS) for home health, durable medical equipment and home infusion therapy services The partnerships became effective on July 1, 2011 The Hospital contributed $918 in cash, $84 in equipment at net book value and $60 in inventory to fund the partnership with American Care The Hospital contributed $250 in cash, $596 in inventory and $236 in equipment while receiving $414 in cash to fund the partnership in CMS

10. Investments in Nonconsolidated Affiliates (continued)

Aggregate financial information (unaudited) relating to these investments is as follows

	2011	2010
Assets	$ 16,344	$ 8,382
Liabilities	6,908	4,019
Net Income	518	1,887

11. Commitments and Contingencies

At December 31, 2011, the Hospital is contractually obligated for approximately $764, which primarily relates to construction projects as approved by the Hospital's Board of Trustees Other significant contractual agreements are as follows

Laboratory Services The Hospital entered into a pathology and clinical laboratory service agreement (agreement) effective July 2007 which was amended in July 2010 to extend the contract through June 2014 The base compensation, which is adjusted annually, became $10,335 in July 2011 The Hospital paid $10,135 and $10,412 for pathology and clinical laboratory services under the agreement as of December 31, 2011 and 2010, respectively

Self-Funded Health Insurance The Hospital provides a self-funded health insurance plan to its employees The Hospital has stop-loss insurance to reduce its exposure under this plan For 2010, the plan included a $350 specific stop-loss insurance per individual per year with no aggregate limit For 2011, the plan included a $300 specific stop-loss insurance per individual per year with no aggregate limit The Hospital accrues for the estimated uninsured portion of pending claims, both known and incurred but not reported These accruals are based on management's evaluation of the nature and severity of claims and the Hospital's historical claims experience The liability accrued at December 31, 2011 and 2010 was $2,123 and $2,374, respectively, and is included in accounts payable and accrued expenses The expense, which is included in employee benefits in operating expenses, was $14,572 and $12,687 for 2011 and 2010, respectively

IT Services The Hospital entered into an Information Service agreement (ISA) with CareTech Solutions, Inc effective February 2008 to provide information technology services through January 2012 During 2010, the Hospital amended the agreement with CareTech Solutions to include disaster recovery and remote hosting services Base fees paid totaled $3,765 and $3,820 for the years ended December 31, 2011 and 2010, respectively

11. Commitments and Contingencies (continued)

Hospitalist Services Effective January 2009, the Hospital entered into a Hospitalist Services Coverage agreement, (Hospitalist Agreement) with a third party provider The Hospitalist Agreement guarantees $328 of annual cash receipts per full time equivalent (FTE) physician The Hospitalist Agreement stipulates a mutual intent of 8 FTE physicians Payments during 2011 and 2010 under the Hospitalist Agreement totaled $1,513 and $1,115, respectively

Self-Funded Medical Malpractice Professional liability claims that fall within the Hospital's range of self-insurance have been asserted by various claimants The claims are in various stages of processing and some may ultimately be brought to trial There are also known incidents that have occurred through December 31, 2011 that may result in the assertion of additional claims, as well as claims, from unknown incidents that may be asserted The Hospital provides an estimate of the ultimate costs, if any, relating to the settlement of such claims and remains liable for losses, if any, in excess of the amounts recorded, however, in management's opinion, such losses, if any, would not have a material adverse effect on the financial position or results of operations of the Hospital The liability accrued at December 31, 2011 and 2010 was $2,165 and $397, respectively, and is included in accounts payable and accrued expenses The Hospital recorded $792 as an insurance recovery receivable at December 31, 2011, and is included in other current assets The expense, which is included in operating expenses, associated with medical malpractice was $1,095 and $218 for 2011 and 2010, respectively

Anesthesia Services The Hospital contracts anesthesia services with a third party provider The Hospital guarantees approximately $7,536 of annual cash receipts to the third party provider On January 1st of each year, the guaranteed amount shall be increased by a prescribed percentage Payments made by the Hospital for amounts guaranteed to the third party totaled $4,226 and $3,926 during 2011 and 2010, respectively

Center for Wound Care The Hospital entered into an agreement with the Center for Wound Healing, Inc to facilitate the construction, operation, and maintenance of a wound care facility under the auspices of the Hospital The initial term is for 5 years commencing after the opening of the Center for Wound Care (CWC) facility which is expected to go-live in 2012

Cardiology Services On May 1, 2011, the Hospital entered into various agreements with the Elkhart Clinic to operate a Hospital-owned cardiology practice on site at the Elkhart Clinic Rent, physician, and other professional services are purchased from the Elkhart Clinic which totaled $2,909 in 2011 On November 27, 2011, the Hospital entered into an agreement with Midwest Medical Group to purchase physician services for a second Hospital-owned cardiology practice which totaled $207 in 2011

Revenue Cycle Management In July 2011, the Hospital entered into an agreement with Accretive Health, Inc to manage the revenue cycle operations of the Hospital The agreement is non-cancellable with a four year term The fees for services provided under the agreement are not limited and are contingent based on anticipated improvements in revenue cycle operations

12. Professional Liability Insurance

The Hospital is a defendant in certain litigation arising in the ordinary course of business The Hospital began self-funding its professional coverage for hospital services on February 28, 2010 Physician practice malpractice coverage remains fully-insured The Indiana Medical Malpractice Act has provided recovery up to $1,250 per occurrence, with the first $250 covered by the Hospital Under the self-insured program, the Hospital pays malpractice claims, settlements, and related legal expenses from its operating funds The gross amount of malpractice liability claims, including a component for incurred but not reported claims, was approximately $2,165 and $397 at December 31, 2011 and 2010, respectively At December 31, 2011, the Hospital recorded $792 insurance recovery receivable in other current assets

13. Income Taxes

U S GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination For tax positions not meeting the "more likely than not" test, no tax benefit is recorded

Due to its tax-exempt status, the Hospital is not subject to U S federal income tax or state income tax The Hospital is, however, subject to income taxes on income generated from activities that are un-related to its exempt purpose The Hospital's Form 990 has not been subject to examination by the Internal Revenue Service or the State of Indiana for the last three years The Hospital does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months The Hospital recognizes interest and/or penalties related to income tax matters in income tax expense The Hospital did not have any amounts recorded for interest and penalties at December 31, 2011 and 2010

14. Restricted Net Assets

Permanently restricted and temporarily restricted net assets are available for program services in the amounts of $4,664 and $5,017 at December 31 for 2011 and 2010, respectively

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity In accordance with the restriction, a majority of the investment income and investment gains or losses from permanently restricted net assets are to be reinvested with the principal and are therefore temporarily restricted A specified portion of income earned by the temporarily restricted net assets is released from restriction and used for operations each year and, therefore, is included in the statements of operations and changes in net assets as other revenue

14. Restricted Net Assets (continued)

In August 2008, the FASB issues FASB ASC 958-205, Endowments of Not-for Profit Organizations Net Asset Classification of classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds, which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds In 2007, the State of Indiana adopted UPMIFA The following disclosures are made as required by FASB ASC 958-205

The Hospital has one endowment established for patient care purposes The Hospital has established investment and spending policies related to the preservation and appreciation of this endowment Should the underlying assets fall below this targeted amount the Hospital pursues actions consistent with established policies to return the endowment to the targeted amount Based upon these policies, endowment amounts are temporarily restricted until Board authorized release of funds for patient care purposes are approved

Changes in the endowment funds, consisting principally of the funds included as temporarily restricted net assets of the Hospital, for the fiscal years ended December 31 2011 and 2010, are detailed within the statements of operations and changes in net assets, respectively At December 31, 2011 and 2010, other than the endowment described above, no other Board-designated assets limited as to use are being accounted for as Board-designated endowments as they do not meet applicable criteria

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the Hospital Temporarily restricted gifts and bequests are recorded as an addition to temporarily restricted net assets in the period received Assets released from restrictions that are used for the purchase of property and equipment or capital purposes are reported in the statements of operations and changes in net assets as additions to unrestricted net assets Resources restricted by donors for specific operating purposes are reported in unrestricted revenue, gains, and other support to the extent expended within the period

15. Related-Party Transactions

Elkhart General Hospital Foundation (the Foundation) was founded in 1966 to obtain funds through charitable contributions In the absence of donor restrictions, the Foundation has discretionary control over the amounts to be distributed to the Hospital, the timing of such distributions, and the purposes for which such funds are to be used In addition, the Foundation directs the investment activities of the Jonathan Primley Fund (restricted assets), which released $125 and $70 in 2011 and 2010, respectively

The Hospital provides certain services in the ordinary course of business to the Riverpointe Surgery Center Revenue recognized by the Hospital in connection with this arrangement for the years ended December 31, 2011 and 2010, was $87 and $85, respectively In addition, the Hospital received rental income from the physicians and the Surgery Center occupying the RiverPointe Medical Office Building of $821 and $1,459 for the years ended December 31, 2011 and 2010, respectively

The Hospital provides employees to Michiana Linen, LLC under a leased employee agreement The Hospital also provides certain services in the ordinary course of business to Michiana Linen, LLC Revenue recognized by the Hospital in connection with this arrangement for the years ended December 31, 2011 and 2010, respectively is $1,600 and $1,870 Related party receivables of $118 and $1,137 related to these services are outstanding at December 31, 2011 and 2010, respectively

In May 2010, the Hospital entered into an agreement with Michiana Linen Service, LLC to purchase laundry services which totaled $1,158 and $810 for 2011 and 2010, respectively

16. Electronic Health Records

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH") These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology, but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments Medicaid EHR incentive payments are fully funded by the federal government and administered by the states, however, the states are not required to offer EHR incentive payments to providers

16. Electronic Health Records (continued)

During 2011, the Hospital recognized approximately $1,083 of revenue for HITECH incentives from Medicaid related to having demonstrated meaningful use of certified EHR technology or having completed attestations to the adoption or implementation of certified EHR technology Such revenue is included in other operating revenue on the statement of operations and changes in net assets

17. Subsequent Events

On March 29, 2012 the Board of Directors voted to discontinue the Hospital's use of McKesson for providing services related to the EHR initiative McKesson is a vendor contracted for many computer hardware and software projects and EGH will maintain a business relationship with McKesson going forward, however not for the EHR project The Hospital will utilize the services of Cerner for the EHR project Cerner will provide similar services that were contracted through McKesson Based on the decision to change vendors, there was $1,670 of fixed assets in construction in progress and unpaid invoices related to the project that became impaired

The Hospital evaluated events and transactions occurring subsequent to December 31, 2011 through April 30, 2012, the date of issuance of the financial statements During this period, there were no subsequent events other than those previously mentioned requiring recognition or disclosure in the consolidated financial statements, other than those previously disclosed