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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
555 LINN STREET

City or town, state or country, and ZIP + 4
ALLEGAN, MI 49010

D Employer identification number
38-1359180

E Telephone number
(269)686-4280

G Gross receipts $ 47,093,246

F Name and address of principal officer
RICHARD HARNING
555 LINN STREET
ALLEGAN, MI 49010

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 AGHOSP ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1944 | **M** State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE HOSPITAL IS A SHORT-TERM, ACUTE CARE FACILITY PROVIDING INPATIENT AND OUTPATIENT HEALTHCARE SERVICES

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	368
6	Total number of volunteers (estimate if necessary)	**6**	35
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,283
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-496

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	53,310	408,605
9	Program service revenue (Part VIII, line 2g)	36,697,581	37,288,061
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	43,933	83,127
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,944,213	4,711,499
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	41,739,037	42,491,292
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,100,000	1,629,000
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)	18,854,355	19,188,636
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)	20,550,129	21,907,489
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	41,504,484	42,725,125
19	Revenue less expenses Subtract line 18 from line 12	234,553	-233,833

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	33,724,934	35,099,148
21	Total liabilities (Part X, line 26)	22,425,721	24,767,229
22	Net assets or fund balances Subtract line 21 from line 20	11,299,213	10,331,919

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

****** 2012-11-15
Signature of officer Date

RICHARD HARNING CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: CAROL LALONDE CPA | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00181637

Firm's name (or yours if self-employed), address, and ZIP + 4: PLANTE & MORAN PLLC, 750 TRADE CENTRE WAY SUITE 300, PORTAGE, MI 49002 | EIN ▶ 38-1357951 | Phone no ▶ (269) 567-4500

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 PROVIDE EXCEPTIONAL COMPASSIONATE, PERSONALIZED HEALTHCARE TO OUR 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 $ 30,086,782 including grants of $) (Revenue $ 35,968,342)

ROUTINE MEDICAL SERVICES, CHARITY CARE PROVIDED IN 2011 WAS APPROXIMATELY $908,524

4b (Code) (Expenses $ 4,547,478 including grants of $) (Revenue $ 5,436,449)

ANCILLARY MEDICAL SERVICES

4c (Code) (Expenses $ 1,629,000 including grants of $ 1,629,000) (Revenue $)

SUPPORT TO RELATED ORGANIZATIONS (APHS)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 36,263,260

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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
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	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**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**	22		
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**	368			
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	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		No
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		No
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		

Section C. Disclosure

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

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

RICHARD HARNING
555 LINN STREET
ALLEGAN, MI 49010
(269) 686-4284

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) MIKE BUESE SECRETARY	1 00	X		X				0	0	0
(2) CYNDI CORNELL-TROBECK BOARD MEMBER	1 00	X						0	0	0
(3) KEVIN HARNESS BOARD MEMBER	1 00	X						0	0	0
(4) CHRISTINE HASSING BOARD MEMBER	1 00	X						0	0	0
(5) SHAWN MCFALL BOARD MEMBER	1 00	X						0	0	0
(6) STEVE MCKOWN CHAIR	1 00	X		X				0	0	0
(7) CHRIS MILLER BOARD MEMBER	1 00	X						0	0	0
(8) JAMES MUENZER TREASURER	1 00	X		X				0	0	0
(9) JOEL THOMPSON BOARD MEMBER	1 00	X						0	0	0
(10) JOHN WALSTRUM MD VICE CHAIR	1 00	X		X				0	166,272	20,640
(11) ROBERT WITHEE BOARD MEMBER	1 00	X						0	0	0
(12) GERALD BARBINI CEO-COMPENSATED BY QUORUM (NON-VOTING)	40 00	X		X				240,772	0	57,071
(13) JAN LOVEJOY BOARD MEMBER	1 00	X						0	0	0
(14) DAVID FEDERINKO CHIEF INFORMATION OFFICER	40 00			X				116,410	0	33,600
(15) RICHARD HARNING CHIEF FINANCIAL OFFICER	40 00			X				192,452	0	28,981
(16) SHIRLEY SUTTON-ROP CHIEF NURSING OFFICER	40 00			X				131,146	0	29,489
(17) ANDREW BROCKWAY PHARMACIST	40 00					X		159,938	0	29,389

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) PHILIP BROWN CRNA	40 00					X		250,533	0	38,486
(19) TIMOTHY FULLER CRNA	40 00					X		250,533	0	42,175
(20) MARK WARNER ORTHOPEDIC SURGEON	40 00					X		800,000	0	20,725
(21) KEN WHITCOMB CRNA	40 00					X		250,533	0	38,487
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,392,317	166,272	339,043

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 ▶ 11

			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
WEST MICHIGAN REHABILITATION PO BOX 1695 HOLLAND, MI 49424	THERAPY SERVICES	1,283,366
BEAUDOIN CONSTRUCTION 1757 32ND STREET ALLEGAN, MI 49010	BUILDERS	811,345
SW MICHIGAN ER SERVICES 1255 KALAMAZOO MALL KALAMAZOO, MI 49007	ER PHYSICIANS	464,380
J LAPORTE ASSOCIATES 514 SLIGH BLVD NE GRAND RAPIDS, MI 49505	ARCHITECT	261,396
AURORA ANDREWS MD 5966 WELLINGTON PLACE BATTLE CREEK, MI 49017	PSYCHIATRIST	258,900

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 ▶ 9

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 408,605				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	408,605			
Program Service Revenue		Business Code				
	2a	PATIENT SERVICE 621110	37,288,061	37,288,061		
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	37,288,061			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	19,043			19,043
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				

		(i) Real	(ii) Personal				
	6a	Gross rents	411,242				
	b	Less rental expenses	329,744				
	c	Rental income or (loss)	81,498				
	d	Net rental income or (loss) . . . . . ▶		81,498			81,498

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	2,415,442				
	b	Less cost or other basis and sales expenses	2,351,358				
	c	Gain or (loss)	64,084				
	d	Net gain or (loss) . . . . . ▶		64,084			64,084
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 . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a 6,037,582					
	b	Less cost of goods sold . . b 1,920,852					
	c	Net income or (loss) from sales of inventory . . ▶	4,116,730	4,116,730			
		Miscellaneous Revenue	Business Code				
	11a	OTHER SERVICES	900099	335,823			335,823
	b	CAFETERIA	722100	170,116		7,283	162,833
	c	GIFT SHOP	900099	7,332			7,332
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		513,271			
	12	**Total revenue.** See Instructions . . . ▶		42,491,292	41,404,791	7,283	670,613

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	1,629,000	1,629,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	829,921		829,921	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	15,336,517	12,577,298	2,759,219	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	566,987	521,364	45,623	
9	Other employee benefits	1,943,504	1,739,087	204,417	
10	Payroll taxes	511,707	288,753	222,954	
11	Fees for services (non-employees)				
a	Management	613,755	521,692	92,063	
b	Legal	232,519	197,641	34,878	
c	Accounting	145,575	123,739	21,836	
d	Lobbying	767		767	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	6,586,510	5,598,512	987,998	
12	Advertising and promotion				
13	Office expenses				
14	Information technology				
15	Royalties . .				
16	Occupancy	564,681	479,929	84,752	
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	850,181	850,181		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,416,034	1,203,503	212,531	
23	Insurance	262,112	222,772	39,340	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	SUPPLIES	4,943,636	4,432,677	510,959	
b	BAD DEBT EXPENSE	3,565,930	3,565,930		
c	REPAIRS AND MAINTENANCE	1,531,768	1,301,867	229,901	
d					
e					
f	All other expenses	1,194,021	1,009,315	184,706	
25	**Total functional expenses.** Add lines 1 through 24f	42,725,125	36,263,260	6,461,865	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		3,600	1	3,065
	2	Savings and temporary cash investments		3,726,468	2	4,403,022
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		5,254,929	4	4,579,743
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		940,792	8	797,870
	9	Prepaid expenses and deferred charges		215,921	9	299,263
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 46,045,055			
	b	Less accumulated depreciation	10b 29,923,024	11,022,501	10c	16,122,031
	11	Investments—publicly traded securities		9,860,927	11	4,081,259
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	202,648
	15	Other assets See Part IV, line 11		2,699,796	15	4,610,247
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		33,724,934	16	35,099,148
Liabilities	17	Accounts payable and accrued expenses		3,729,976	17	5,611,257
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		17,000,000	20	16,560,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		695,000	23	1,327,396
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,000,745	25	1,268,576
	26	**Total liabilities.** Add lines 17 through 25		22,425,721	26	24,767,229
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		11,299,213	27	10,198,300
	28	Temporarily restricted net assets			28	133,619
	29	Permanently restricted net assets			29	
		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		11,299,213	33	10,331,919
	34	Total liabilities and net assets/fund balances		33,724,934	34	35,099,148

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	42,491,292
2	Total expenses (must equal Part IX, column (A), line 25)	2	42,725,125
3	Revenue less expenses Subtract line 2 from line 1	3	-233,833
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	11,299,213
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-733,461
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	10,331,919

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL	38-1359180

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		767
j	Total lines 1c through 1i			767
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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF AHA DUES IS ALLOCATED TO LOBBYING ACTIVITIES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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

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

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

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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
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		70,556		70,556
b Buildings		24,533,978	16,404,045	8,129,933
c Leasehold improvements				
d Equipment		20,219,059	13,518,979	6,700,080
e Other		1,221,462		1,221,462
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				16,122,031

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

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

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

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

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

(a) Description	(b) Book value
(1) OTHER ASSETS	1,755,578
(2) OTHER RECEIVABLES	84,793
(3) NOTES FROM AFFILIATES	2,269,876
(4) RECEIVABLE FROM BLUE CROSS/BLUE SHIELD	500,000
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	4,610,247

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
COST REPORT SETTLEMENT	29,669
FAIR VALUE OF INTEREST RATE SWAP AGREEMENT	1,238,907
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,268,576

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	42,491,292
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	42,725,125
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-233,833
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-733,461
9	Total adjustments (net) Add lines 4 - 8	9	-733,461
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-967,294

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	43,678,683
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	-733,461		
e	Add lines **2a** through **2d**			2e	-733,461
3	Subtract line **2e** from line **1**			3	44,412,144
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	-1,920,852		
c	Add lines **4a** and **4b**			4c	-1,920,852
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	42,491,292

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

1	Total expenses and losses per audited financial statements			1	43,016,977
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	1,920,852		
e	Add lines **2a** through **2d**			2e	1,920,852
3	Subtract line **2e** from line **1**			3	41,096,125
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	1,629,000		
c	Add lines **4a** and **4b**			4c	1,629,000
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	42,725,125

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
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN FAIR VALUE OF INTEREST SWAP AGREEMENT -733,461
PART XII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN FAIR VALUE OF INTEREST SWAP AGREEMENT -733,461
PART XII, LINE 4B - OTHER ADJUSTMENTS		PHARMACY COST OF GOODS SOLD -1,920,852
PART XIII, LINE 2D - OTHER ADJUSTMENTS		PHARMACY COST OF GOODS SOLD 1,920,852
PART XIII, LINE 4B - OTHER ADJUSTMENTS		CAPITAL CONTRIBUTION TO ALLEGAN PROFESSIONAL HEALTH SERVICES, INC 1,629,000

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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	Yes	
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	Yes	
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)			448,433		448,433	1 150 %
b Medicaid (from Worksheet 3, column a)			5,888,712	3,338,577	2,550,135	6 510 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			96,442		96,442	0 250 %
d **Total** Charity Care and Means-Tested Government Programs			6,433,587	3,338,577	3,095,010	7 910 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			192,265		192,265	0 490 %
f Health professions education (from Worksheet 5)			216,175		216,175	0 550 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			10,873		10,873	0 030 %
j **Total** Other Benefits			419,313		419,313	1 070 %
k **Total.** Add lines 7d and 7j			6,852,900	3,338,577	3,514,323	8 980 %

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	2		1,982		1,982	0 010 %
3	Community support	103	100	375		375	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy	26		3,128		3,128	0 010 %
8	Workforce development	11		1,379		1,379	0 %
9	Other						
10	**Total**	142	100	6,864		6,864	0 020 %

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	3,565,930		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,825,756		
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	8,802,039
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,556,751
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-754,712
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	Yes		

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size 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	ALLEGAN GENERAL HOSPITAL 555 LINN STREET ALLEGAN, MI 49010	X	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)

ALLEGAN GENERAL HOSPITAL

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	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ 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	Yes	
	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? _____

	Name and address	Type of Facility (Describe)
1		
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, L7 COL(F) PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE AMOUNTS

Identifier	ReturnReference	Explanation
		PART II WELLNESS PROGRAMS AND SPIRIT OF WOMEN OUTREACH PROGRAMS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE AMOUNTS AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS AND IS COMPUTED USING HISTORICAL WRITE-OFF FACTORS APPLIED TO UNPAID ACCOUNTS STRATIFIED BY PAYOR AND THE NUMBER OF DAYS THE ACCOUNTS ARE OUTSTANDING UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DEEMED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IS ALSO ESTABLISHED ON AN AGGREGATE BASIS AND IS COMPUTED AT AMOUNTS DIFFERENT THAN ESTABLISHED CHARGES CONTRACTUAL ADJUSTMENTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IN THE PERIOD PAYMENT IS RECEIVED THE PORTION OF BAD DEBT DEEMED TO BE CHARITY CARE IS BASED ON THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FROM UNCOLLECTIBLE BILLINGS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE ESTIMATED MEDICARE SHORTFALL IS BASED ON THE COST TO CHARGE METHODOLOGY OF THE UNREIMBURSED COST OF CARE ALL OF THE MEDICARE SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT AS MOST OF THESE PATIENTS ARE LIVING ON FIXED INCOMES AND DO NOT HAVE THE ABILITY TO HELP COVER THE COST OF THEIR MEDICAL CARE THE MEDICAL FACILITY HAS TO ABSORB THESE COSTS AND IT IS DONE SO AS A BENEFIT TO THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B WHEN FINANCIAL ASSISTANCE PATIENTS ARE IDENTIFIED, COLLECTION ACTIVITY IS STOPPED AND THEIR ACCOUNTS ARE PLACED ON HOLD PENDING COMPLETION AND RETURN OF ALL REQUIRED DOCUMENTS THE IDENTIFICATION CAN OCCUR AT PRE-REGISTRATION, DURING AN ADMISSION OR AFTER A PATIENT HAS RECEIVED A BALANCE OWING STATEMENT THE APPROPRIATE PERCENTAGE OF DISCOUNT IS DETERMINED ONCE ALL INFORMATION IS RECEIVED BY THE HOSPITAL THE ACCOUNTS INVOLVED WITH THE FINANCIAL ASSISTANCE ARE THEN REVIEWED, APPROVED, AND CREDIT ADJUSTMENTS POSTED TO THE ACCOUNTS ANY ACCOUNTS THAT MAY HAVE A REMAINING BALANCE AFTER DISCOUNTING ARE RELEASED FROM HOLD AND THE PATIENT IS BILLED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 SURVEYS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 OUR IN-HOUSE FINANCIAL COUNSELOR EDUCATES AND WORKS WITH PATIENTS TO GET FEDERAL ASSISTANCE OR TO APPLY FOR MEDICAID

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ALLEGAN GENERAL HOSPITAL IS LOCATED IN ALLEGAN, MICHIGAN, THE COUNTY SEAT OF ALLEGAN COUNTY ALLEGAN COUNTY IS APPROXIMATELY 40 MILES SOUTH OF GRAND RAPIDS, 80 MILES WEST OF LANSING AND 70 MILES NORTH OF SOUTH BEND, INDIANA IN ADDITION TO THE HOSPITAL, OTHER MAJOR EMPLOYERS INCLUDE PERRIGO COMPANY (3,200 EMPLOYEES), HAWORTH INC (3,000 EMPLOYEES), PARKER HANNIFIN CORP (700 EMPLOYEES), S 2 YACHTS INC (600 EMPLOYEES), AND VENTUREDYNE CORP (500 EMPLOYEES) ALLEGAN COUNTY HAS A TOTAL POPULATION OF APPROXIMATELY 105,665 APPROXIMATELY 39% OF THIS POPULATION IS OVER THE AGE OF 45, WITH 12% OVER THE AGE OF 65, WHICH IS IN LINE WITH THE STATE OF MICHIGAN AVERAGES OF 39% AND 13% RESPECTIVELY ALLEGAN COUNTYS POPULATION IS RELATIVELY YOUNG AS THE POPULATION AGES, THE HOSPITAL SHOUD SEE AN OVERALL INCREASE IN PATIENT CARE DEMAND ALLEGAN COUNTYS MEDIAN HOUSEHOLD INCOME IN 2008 WAS $52,401, WHICH IS HIGHER THAN THE STATE AVERAGE OF $49,694 AND THE NATIONAL AVERAGE OF $52,175

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE HOSPITAL'S MISSION IS TO PROVIDE EXCEPTIONAL, COMPASSIONATE, PERSONALIZED HEALTHCARE TO OUR COMMUNITY THE HOSPITAL'S VISION IS TO BE THE TRUSTED HEALTHCARE PROVIDER OF CHOICE BY DEMONSTRATING CLINICAL AND OPERATIONAL EXCELLENCE, OUTSTANDING CUSTOMER SERVICE AND AN UNWAVERING COMMITMENT TO THE HEALTH OF OUR COMMUNITY

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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) ALLEGAN PROFESSIONAL HEALTH SERVICES INC555 LINN STREET ALLEGAN,MI 49010	20-5800012	501(C)(3)	1,629,000		CASH	N/A	PROGRAM SUPPORT

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ 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**		No
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) JOHN WALSTRUM MD	(i)	0	0	0	0	0	0	0
	(ii)	166,272	0	0	16,547	4,093	186,912	0
(2) GERALD BARBINI	(i)	212,444	17,630	10,698	0	57,071	297,843	0
	(ii)	0	0	0	0	0	0	0
(3) DAVID FEDERINKO	(i)	100,750	7,910	7,750	15,000	18,600	150,010	0
	(ii)	0	0	0	0	0	0	0
(4) RICHARD HARNING	(i)	170,828	13,411	8,213	9,450	19,531	221,433	0
	(ii)	0	0	0	0	0	0	0
(5) SHIRLEY SUTTON-ROP	(i)	121,599	9,547	0	21,996	7,493	160,635	0
	(ii)	0	0	0	0	0	0	0
(6) ANDREW BROCKWAY	(i)	159,938	0	0	22,000	7,389	189,327	0
	(ii)	0	0	0	0	0	0	0
(7) PHILIP BROWN	(i)	250,533	0	0	21,999	16,487	289,019	0
	(ii)	0	0	0	0	0	0	0
(8) TIMOTHY FULLER	(i)	250,533	0	0	22,000	20,175	292,708	0
	(ii)	0	0	0	0	0	0	0
(9) MARK WARNER	(i)	800,000	0	0	0	20,725	820,725	0
	(ii)	0	0	0	0	0	0	0
(10) KEN WHITCOMB	(i)	250,533	0	0	22,000	16,487	289,020	0
	(ii)	0	0	0	0	0	0	0

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CITY OF ALLEGAN HOSPITAL FINANCE AUTHORITY	38-6004518	NONEAVAIL	12-20-2010	17,000,000	REFUNDING AND CONSTRUCTION OF HOSPITAL FACILITIES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	440,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	1,700,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	278,475			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	5,176,300			
11	Other spent proceeds				
12	Other unspent proceeds	2,882,156			
13	Year of substantial completion				

		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?								
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 ▶								
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 ▶								
6	Total of lines 4 and 5								
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	FIFTH THIRD BANK							
c	Term of hedge	6 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	THE CEO IS CONTRACTED OUT FROM A PROFESSIONAL STAFFING FIRM
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM AND REVIEWED BY THE CFO ANY REPORTABLE INFORMATION IS SHARED WITH THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST PROCESS IS THAT BOARD MEMBERS AND THE LEADERSHIP TEAM ARE EXPECTED TO COMPLETE THE DISCLOSURE STATEMENTS ANNUALLY THESE ARE REVIEWED BY THE COMPLIANCE OFFICER FOR ANY POTENTIAL ISSUES AND DISCUSSED WITH INDIVIDUAL BOARD MEMBERS AS NECESSARY IF A MATERIAL CONFLICT IS IDENTIFIED, MEASURES ARE TAKEN TO MITIGATE THE CONFLICT IF NECESSARY, EXTERNAL LEGAL COUNSEL WILL BE CONSULTED
	FORM 990, PART VI, SECTION B, LINE 15	A REVIEW IS PERFORMED COMPARING CURRENT COMPENSATION TO EXTERNAL WAGE SURVEYS ON MARKET RATES ADDITIONALLY, AN INDEPENDENT COMPENSATION CONSULTANT IS USED AND THE BOARD CONDUCTS A STUDY TO DETERMINE COMPENSATION ALL DECISIONS ARE DOCUMENTED IN WRITTEN CONTRACTS AND THE BOARD MINUTES THIS PROCESS IS PERFORMED ANNUALLY THE MOST RECENT YEAR THIS PROCESS WAS UNDERTAKEN WAS 2011
	FORM 990, PART VI, SECTION C, LINE 19	DOCUMENTS ARE AVAILABLE UPON REQUEST
	FORM 990, PART VII	GERALD BARBINI AND RICHARD HARNING EACH WORKED AN AVERAGE 1 HOUR PER WEEK AT RELATED ORGANIZATIONS CHRISTINE HASSING, STEVE MCKOWN, AND SHIRLEY SUTTON-ROP EACH WORKED AN AVERAGE OF AT LEAST 5 HOURS PER WEEK AT RELATED ORGANIZATIONS JOHN WALSTRUM WORKED AN AVERAGE OF 40 HOURS PER WEEK AT A RELATED ORGANIZATION
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CHANGE IN FAIR VALUE OF INTEREST SWAP AGREEMENT -733,461 TOTAL TO FORM 990, PART XI, LINE 5 -733,461
	FORM 990, PART XII, LINE 2C	THERE HAS BEEN NO CHANGE IN PROCESS FROM PRIOR YEAR

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320079322

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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) ALLEGAN HEALTHCARE GROUP 555 LINN STREET ALLEGAN, MI 49010 38-2802463	HOSPITAL	MI	501(C)(3)	LINE 11A, I	N/A		No
(2) ALLEGAN PROFESSIONAL HEALTH SERVICES 555 LINN STREET ALLEGAN, MI 49010 20-5800012	HEALTHCARE	MI	501(C)(3)	LINE 3	ALLEGAN HEALTHCARE GROUP	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) Disproportionate 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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HEALTH CENTERS INC 555 LINN STREET ALLEGAN, MI 49010 38-2677756	MEDICAL SERVICE	MI	N/A	C			
(2) WEST MICHIGAN HEALTH VENTURES INC 555 LINN STREET ALLEGAN, MI 49010 38-2938976	MEDICAL SERVICE	MI	N/A	C			

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

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

		Yes	No
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		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
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		No
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		No
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		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) ALLEGAN HEALTHCARE GROUP INC	C	408,605	CASH
(2) ALLEGAN PROFESSIONAL HEALTH SERVICES	K	1,520,006	COST
(3) ALLEGAN PROFESSIONAL HEALTH SERVICES	B	1,629,000	CASH
(4) ALLEGAN PROFESSIONAL HEALTH SERVICES	D	496,951	CASH
(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	

Allegan General Hospital

Financial Report
December 31, 2011

Allegan General Hospital

Contents

Independent Auditor's Report

To the Board of Trustees
Allegan General Hospital

We have audited the accompanying balance sheet of Allegan General Hospital (the "Hospital") as of December 31, 2011 and 2010 and the related statements of operations, 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 Allegan General Hospital at December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 30, 2012

Allegan General Hospital

Balance Sheet

	December 31, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	$ 2,924,117	$ 3,730,068
Short-term investments	1,207,968	402,017
Accounts receivable (Note 2)	4,579,743	5,254,929
Estimated third-party payor settlements (Note 5)	500,000	-
Other current assets	2,633,575	1,308,541
Total current assets	11,845,403	10,695,555
Assets Limited as to Use (Note 3)	4,355,261	9,458,910
Property and Equipment - Net (Note 4)	16,122,031	11,022,501
Goodwill	202,648	-
Other Assets		
Notes to affiliates - Net (Note 9)	2,269,876	2,235,493
Other	303,929	312,475
Total assets	**$ 35,099,148**	**$ 33,724,934**
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 6)	$ 734,099	$ 440,000
Notes payable (Note 7)	495,000	695,000
Accounts payable	2,500,787	2,159,122
Estimated third-party payor settlements (Note 5)	29,669	495,299
Accrued liabilities and other:		
Accrued compensation	327,809	286,238
Accrued compensated absences	1,122,012	1,043,314
Other accrued liabilities	1,660,649	241,302
Total current liabilities	6,870,025	5,360,275
Long-term Debt - Net of current portion (Note 6)	16,658,297	16,560,000
Fair Value of Interest Rate Swap Agreement (Note 8)	1,238,907	505,446
Total liabilities	24,767,229	22,425,721
Net Assets		
Unrestricted	10,198,300	11,299,213
Temporarily restricted	133,619	-
Total net assets	10,331,919	11,299,213
Total liabilities and net assets	**$ 35,099,148**	**$ 33,724,934**

See Notes to Financial Statements.

Allegan General Hospital

Statement of Operations

	Year Ended December 31, 2011	Year Ended December 31, 2010
Operating Revenue		
Net patient service revenue	$ 43,325,643	$ 42,955,408
Other	492,487	443,315
Net assets released from restrictions	174,986	-
Total operating revenue	43,993,116	43,398,723
Operating Expenses		
Salaries and wages	16,529,004	15,469,377
Employee benefits and payroll taxes	2,659,632	3,384,978
Operating supplies and expenses	6,864,488	6,563,631
Professional services and consultant fees	7,579,126	6,848,553
Insurance	262,112	436,005
Utilities	564,681	570,771
Travel and education	245,355	256,359
Repairs and rentals	1,531,768	1,372,949
Other	948,666	819,158
Depreciation and amortization	1,416,034	1,375,932
Provision for bad debts	3,565,930	3,582,000
Interest expense	850,181	546,243
Total operating expenses	43,016,977	41,225,956
Operating Income	976,139	2,172,767
Nonoperating Income (Expenses)		
Investment income	83,127	43,933
Other income	120,784	76,025
Change in fair value of interest swap agreement (Note 8)	(733,461)	(505,446)
Rent income	81,498	41,828
Loss on extinguishment of debt (Note 6)	-	(165,731)
Total nonoperating expenses	(448,052)	(509,391)
Excess of Revenue Over Expenses	528,087	1,663,376
Transfer to Affiliate (Note 9)	(1,629,000)	(2,100,000)
Decrease in Unrestricted Net Assets	**$ (1,100,913)**	**$ (436,624)**

See Notes to Financial Statements.

Allegan General Hospital

Statement of Changes in Net Assets

	Year Ended December 31	
	2011	2010
Unrestricted Net Assets		
Excess of revenue over expenses	$ 528,087	$ 1,663,376
Transfer to affiliate	(1,629,000)	(2,100,000)
Decrease in unrestricted net assets	(1,100,913)	(436,624)
Temporarily Restricted Net Assets		
Restricted contributions	308,605	-
Net assets released from restriction	(174,986)	-
Increase in temporarily restricted net assets	133,619	-
Decrease in Net Assets	(967,294)	(436,624)
Net Assets - Beginning of year	11,299,213	11,735,837
Net Assets - End of year	**$ 10,331,919**	**$ 11,299,213**

See Notes to Financial Statements.

Allegan General Hospital

Statement of Cash Flows

	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash Flows from Operating Activities		
Cash received from patients and third-party payors	$ 43,035,199	$ 42,341,176
Cash paid to suppliers and employees	(41,104,006)	(40,074,098)
Cash paid for other activities	(512,136)	(396,204)
Interest paid	(850,181)	(546,243)
Cash received from other operating activities	492,487	443,315
Net cash provided by operating activities	1,061,363	1,767,946
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,720,385)	(1,019,247)
Proceeds from sale and maturities of investments and assets limited as to use	2,415,442	2,029,940
Purchase of investments and assets limited as to use	(3,218,308)	(1,274,575)
Net cash used in investing activities	(6,523,251)	(263,882)
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	-	17,000,000
Principal payments of debt obligations	(617,316)	(7,760,000)
Net change in notes payable to bank	(200,000)	(30,000)
Cash paid for bond financing costs	-	(315,100)
Net decrease (increase) in funds held by trustee under bond indenture	5,164,648	(8,046,804)
Restricted contributions	308,605	-
Net cash provided by financing activities	4,655,937	848,096
Net (Decrease) Increase in Cash and Cash Equivalents	(805,951)	2,352,160
Cash and Cash Equivalents - Beginning of year	3,730,068	1,377,908
Cash and Cash Equivalents - End of year	**$ 2,924,117**	**$ 3,730,068**
Supplemental Cash Flow Information - Capital asset purchases financed through capital lease	**$ 779,487**	**$ -**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

Allegan General Hospital (the "Hospital") is a short-term, acute-care facility providing inpatient and outpatient healthcare services to residents in Allegan, Michigan. The Hospital is a subsidiary of Allegan Healthcare Group, Inc. (AHG). AHG was established as a nonprofit tax-exempt corporation to exercise certain supervisory functions over Allegan General Hospital, its officers, and board of trustees. In addition, AHG wholly owns, directs, supervises, and controls the administrative and financial matters of Health Centers, Inc. and Allegan Professional Health Services, Inc.

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

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use.

Short-term Investments - Short-term investments consisted of certificates of deposit at December 31, 2011 and 2010.

Patient Accounts Receivable - Patient accounts receivable are stated at net realizable amounts. An allowance for doubtful accounts is established on an aggregate basis and is computed using historical write-off factors applied to unpaid accounts stratified by payor and the number of days the accounts are outstanding. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are deemed to be uncollectible. An allowance for contractual adjustments is also established on an aggregate basis and is computed at amounts different than established charges. Contractual adjustments are written off against the allowance for contractual adjustments in the period payment is received.

Net Patient Service Revenue - The Hospital has agreements with 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 from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

Assets Limited as to Use - Assets limited as to use primarily include donor-restricted funds and assets designated by the board of trustees for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes and assets designated as debt service reserve funds.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation and amortization are charged to operations using the straight-line method. Maintenance and repairs are charged to expense as incurred.

Other Assets - Other assets consist primarily of bond financing fees. These fees are amortized over the life of the debt. Amortization expense was $11,139 and $10,840 for the years ended December 31, 2011 and 2010, respectively.

Self-insurance - The Hospital acts as a self-insurer for health insurance benefits up to limits as provided for in an agreement with its insurance plan administrator. The cost of claims, including an estimate for unprocessed claims, is recognized as an operating expense in the year of the incident. The Hospital has purchased a stop-loss policy that includes a deductible of $75,000 per person, with a maximum specific benefit of $1,000,000 per person related to self-insurance claims. The Hospital recognized expense for health insurance benefits totaling approximately $1,442,000 and $2,102,000 for the years ended December 31, 2011 and 2010, respectively.

Derivative and Hedging Activities - Accounting standards require that derivative instruments be recorded on the balance sheet at fair value and establish criteria for designation and effectiveness of hedging relationships. The Hospital utilizes an interest rate swap agreement to manage the economic impact of fluctuations in interest rates.

Tax Status - The Hospital is a nonprofit, tax-exempt organization, and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, no tax provision is reflected in the financial statements. With few exceptions, the Hospital's tax returns are not subject to examination by taxing authorities for years beginning prior to December 31, 2008.

Retirement Plans - The Hospital sponsors a defined contribution plan for substantially all employees and has recognized contribution expense totaling $613,433 and $834,198 for the years ended December 31, 2011 and 2010, respectively.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Contributions - The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If applicable, when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

The Hospital reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Hospital reports the expiration of donor restrictions when the assets are placed in service.

Excess of Revenue Over Expenses - The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include net asset transfers.

Goodwill - The recorded amounts of goodwill from a business combination during 2011 related to the acquisition of an orthopedic practice, and is the excess of the purchase price over management's best estimate of the fair value of the tangible assets acquired and liabilities assumed at the date of acquisition. Annually, the Hospital assesses goodwill for impairment. No impairment charge was recognized in the year ended December 31, 2011. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

Fair Value of Financial Instruments - The fair value of financial instruments, including cash, accounts receivable, accounts payable, and debt, approximate carrying values. Investments are recorded at fair value under generally accepted accounting principles. The fair value of the Hospital's bonds is based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using market information. The carrying amount of long-term debt approximates its fair value due to the nature of the instruments. The interest rate swap is recorded at fair value on the Hospital's balance sheet.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

New Accounting Pronouncement - The Hospital has adopted Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, for the year ended December 31, 2011. In accordance with the ASU, the accrued liability for malpractice claims and similar liabilities and the related insurance recovery receivable has been presented separately on the balance sheet on a gross basis, for the year ended December 31, 2011. Prior guidance allowed the liability to be reported net of the estimated insurance recovery receivable. There was no impact on beginning net assets related to the implementation of this ASU. The amount of insurance recovery receivables included in other current assets totaled approximately $1,450,000 at December 31, 2011.

Reclassification - An amount totaling $209,000 of 2010 malpractice liabilities has been reclassified on the balance sheet from accounts payable to other accrued liabilities to conform to the 2011 presentation.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including March 30, 2012, which is the date the financial statements were available to be issued.

Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2011	2010
Patient accounts receivable	$ 10,560,743	$ 9,348,929
Less allowance for uncollectible accounts	(1,282,000)	(1,388,000)
Less allowance for contractual adjustments	(4,699,000)	(2,706,000)
Total accounts receivable	$ 4,579,743	$ 5,254,929

Note 2 - Patient Accounts Receivable (Continued)

The Hospital is located in Allegan, Michigan. The Hospital provides services without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	Percent	
	2011	2010
Medicare	35%	30%
Blue Cross/Blue Shield of Michigan	13	12
Medicaid	10	9
Commercial insurance and HMOs	17	21
Self-pay	25	28
Total	100%	100%

Note 3 - Assets Limited as to Use

The detail of assets limited as to use is summarized in the following schedule:

	2011	2010
Board-designated funds:		
Money market funds	$ 1,339,486	$ 1,072,061
Domestic mutual funds	-	340,045
Total board-designated funds	1,339,486	1,412,106
Funds held by trustee under bond indenture:		
Money market funds	8,865	7,246,804
Government agency bonds and other government-backed investments	2,873,291	800,000
Total funds held by trustee under bond indenture	2,882,156	8,046,804
Donor-restricted funds - Money market funds	133,619	-
Total assets limited as to use	$ 4,355,261	$ 9,458,910

Note 3 - Assets Limited as to Use (Continued)

The following schedule summarized the investment return and its classification in the statement of operations for the years ended December 31, 2011 and 2010:

	2011	2010
Interest and dividends	$ 19,043	$ 6,009
Realized and unrealized gains on investments	64,084	37,924
Total	$ 83,127	$ 43,933

Note 4 - Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows:

	2011	2010	Depreciable Life - Years
Land	$ 70,556	$ 70,556	-
Land improvements	1,972,398	1,972,398	10
Building improvements	22,561,580	18,207,781	10-40
Equipment	20,219,059	19,574,270	3-20
Construction in progress	1,221,462	305,531	-
Total cost	46,045,055	40,130,536	
Accumulated depreciation	(29,923,024)	(29,108,035)	
Net property and equipment	$ 16,122,031	$ 11,022,501	

The Hospital entered into contracts totaling approximately $2,920,000 related to a new Information Technology system, included in construction in progress at December 31, 2011. Remaining commitments on the contracts approximated $1,325,000 at December 31, 2011.

Depreciation and amortization expenses were included as follows in the statement of operations:

	2011	2010
Operating expenses	$ 1,416,034	$ 1,375,932
Nonoperating income	20,431	29,641
Total	$ 1,436,465	$ 1,405,573

Note 5 - Cost Report Settlements

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - The Hospital is reimbursed as a critical access hospital by the Medicare program. Critical access hospitals receive cost reimbursement for all acute-care inpatient and outpatient services.
- **Medicaid** - Inpatient, acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge. Capital costs relating to Medicaid patients are paid on a cost-reimbursement method. Outpatient and physician services are reimbursed on an established fee-for-service methodology.
- **Blue Cross/Blue Shield of Michigan** - The Hospital is reimbursed controlled charges for all services rendered to Blue Cross/Blue Shield subscribers.
- **Health Maintenance Organizations** - Services rendered to HMO beneficiaries are paid at predetermined rates or at percentage-of-hospital charges.

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

Cost report settlements result from the adjustment of interim payments to final reimbursements under these programs and are subject to audit by fiscal intermediaries. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying financial statements. During the years ended December 31, 2011 and 2010, the Hospital recognized income of $0 and $800,000, respectively, related to prior year settlements.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Hospital is unable to determine if it will be audited and if so, the extent of liability for overpayments, if any. If selected for audit, the potential exists for overpayment of claims liability for the Hospital at a future date.

Note 6 - Long-term Debt

A summary of long-term debt at December 31, 2011 and 2010 is as follows:

	2011	2010
Hospital revenue and refunding bonds, Series 2010	$ 16,560,000	$ 17,000,000
Note payable issued in connection with the acquisition of an orthopedic clinic, with monthly installments through June 2014, at a fixed interest rate of 4.0 percent, collateralized by all accounts receivable of the debtor	190,495	-
Capital lease obligations are for equipment with various monthly installments through November 2015, at varying rates of imputed interest from 1.82 percent to 7.76 percent, collateralized by leased equipment	641,901	-
Total	17,392,396	17,000,000
Less current portion	734,099	440,000
Long-term portion	$ 16,658,297	$ 16,560,000

In December 2010, the Hospital issued revenue and refunding bonds, Series 2010, totaling $17,000,000. The proceeds of the bonds were used to refund the 1999 series bonds and provide funding for certain capital projects within the Hospital. The 2010 bonds had a fixed interest rate of 2.875 percent from the date of issuance until December 31, 2010. As of January 1, 2011, the interest rate on the bonds became variable and is calculated as 67 percent of the sum of one-month LIBOR plus 4.0 percent. In connection with the bond agreement, the Hospital has made various covenants, among others, to comply with certain financial ratios. The 2010 bonds consist of variable rate term bonds with principal payments ranging from $80,000 in 2012 to $3,780,000 in 2035. The interest rate at December 31, 2011 was 0.198 percent. The bonds are secured by the gross revenue of the Hospital.

In connection with the advance refunding of the 1999 series bonds, a loss on extinguishment of debt was recognized in the amount of $165,731.

Note 6 - Long-term Debt (Continued)

Scheduled principal repayments on long-term debt are as follows:

Years Ending December 31	Bonds	Capital Leases and Notes Payable
2012	$ 460,000	$ 274,099
2013	480,000	283,432
2014	500,000	196,096
2015	520,000	78,769
2016	540,000	-
Thereafter	14,060,000	-
Total	$ 16,560,000	$ 832,396

Note 7 - Line of Credit

The Hospital has an unsecured operating line of credit with a local bank in the amount of $1,000,000 at one-month LIBOR plus 2.5 percent (an effective rate of 2.875 percent). The line of credit expires July 1, 2013. At December 31, 2011 and 2010, the Hospital had outstanding borrowings of $495,000 and $695,000, respectively.

Note 8 - Interest Rate Swap Agreement

The Hospital entered into an interest rate swap agreement with a swap provider to reduce the impact of changes in the interest rate on their variable rate bonds payable.

Accounting standards require all derivative instruments such as interest rate swaps to be recorded on the balance sheet at estimated fair value. The swap is not considered to be a hedge of cash flows in accordance with accounting standards. Accordingly, changes in the fair value of the swap agreement are reported as a component of excess of revenue over expenses, as well as any settlements on the interest rate swap.

At December 31, 2011, the Hospital had the following interest rate swap agreement:

Notional Amount	Expiration Date	Hospital Receives	Hospital Pays
$16,560,000	December 2017	67% of LIBOR	2.21%

At December 31, 2010, the Hospital had the following interest rate swap agreement:

Notional Amount	Expiration Date	Hospital Receives	Hospital Pays
$17,000,000	December 2017	67% of LIBOR	2.21%

Note 8 - Interest Rate Swap Agreement (Continued)

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

	Liability Derivatives	
	2011	2010
Interest rate swap	$ 1,238,907	$ 505,446

Liability derivatives are reported on the balance sheet.

For the years ended December 31, 2011 and 2010, the amounts of loss recognized in the statement of operations as nonoperating expenses attributable to the derivative instrument and related hedged items and their locations in the statement of operations are as follows:

Amount of loss recognized on fair value hedging contracts:

	Amount of Loss Recognized in Earnings	
	2011	2010
Change in fair value of interest rate swap agreement	$ (733,461)	$ (505,446)

Note 9 - Related Party Transactions

As disclosed in Note 1, the Hospital, Health Centers, Inc. (HCI) and Allegan Professional Health Services, Inc. (APHS) are subsidiaries of Allegan Healthcare Group, Inc. (AHG).

The Hospital also issued a promissory note to Allegan Professional Health Services, Inc. (APHS), bearing interest on unpaid balances at 5.5 percent. As of December 31, 2011 and 2010, the Hospital has a receivable from APHS of approximately $2.3 million and $2.2 million, respectively.

During 2011 and 2010, the Hospital assessed the collectibility of the receivable from APHS, and as a result, the Hospital transferred net assets of $1,629,000 and $2,100,000, respectively, to APHS, reducing the amount owed from APHS.

Note 10 - Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location including pediatrics, intensive care, surgery, as well as various other ancillary services for both inpatients and outpatients. Expenses related to providing these services for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Healthcare services	$ 36,555,111	$ 34,843,995
General and administrative	6,461,866	6,381,961
Total	$ 43,016,977	$ 41,225,956

Note 11 - Medical Malpractice Claims

Based on the nature of its operations, the Hospital is at times subject to pending or threatened legal actions which arise in the normal course of its activities.

The Hospital is insured against medical malpractice claims under a claims-made policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Hospital bears the risk of the ultimate costs of any individual claims exceeding $1,000,000, or aggregate claims exceeding $3,000,000, for claims asserted in the policy year. The Hospital maintains an umbrella policy which covers claims up to $5,000,000 in aggregate.

Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, will be uninsured.

The Hospital is involved in certain legal actions arising from services provided to patients and additionally is aware of certain possible claims occurring prior to participation in the claims-made arrangement. Although the Hospital is unable to precisely estimate the ultimate cost of settlements of professional liability claims, provision is made for management's best estimate of losses for uninsured portions of pending claims and for known incidents that may result in the assertion of additional claims. Management believes, after evaluations of historical information and of all actions and claims, that insurance coverage and accruals for estimated losses are adequate to cover expected settlements.

Note 12 - Cash Flows

A reconciliation of the decrease in net assets to net cash from operating activities is as follows:

	2011	2010
Decrease in net assets	$ (967,294)	$ (436,624)
Adjustments to reconcile decrease in unrestricted net assets to net cash from operating activities:		
Depreciation and amortization	1,436,465	1,405,573
Provision for bad debts	3,565,930	3,582,000
Loss on extinguishment of debt	-	165,731
Restricted contributions	(308,605)	-
Loss on interest rate swap	733,461	505,446
Equity transfers	1,629,000	2,100,000
Net realized and unrealized gains on investments	(64,084)	(37,924)
Increase in assets:		
Accounts receivable	(2,890,744)	(5,396,531)
Other current assets	(1,325,034)	(163,212)
Estimated third-party payor settlements	-	1,242,000
Other assets	(1,663,383)	(1,414,139)
Increase (decrease) in liabilities:		
Accounts payable	341,665	347,076
Accrued liabilities	1,539,616	(89,749)
Estimated third-party payor settlements	(965,630)	(41,701)
Net cash provided by operating activities	$ 1,061,363	$ 1,767,946

Note 13 - Charity Care

Charity Care - In support of its mission, the Hospital provides various health-related services, at a loss, to the indigent and other residents of its service area. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the weighted average by department of the Hospital's total expenses divided by gross patient service revenue. The Hospital estimates its cost to provide charity care was $590,000 and $620,000 during 2011 and 2010, respectively.

Note 14 - Fair Value Measurements

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

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

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

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Assets - Assets limited as to use				
Money market funds	$ 1,481,970	$ -	$ -	$ 1,481,970
Government agency bonds and other government-backed investments	-	2,873,291	-	2,873,291
Total assets	$ 1,481,970	$ 2,873,291	$ -	$ 4,355,261
Liabilities - Interest rate swap	$ -	$ 1,238,907	$ -	$ 1,238,907

Note 14 - Fair Value Measurements (Continued)

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Assets - Assets limited as to use				
Money market funds	$ 8,318,865	$ -	$ -	$ 8,318,865
Domestic mutual funds	340,045	-	-	340,045
Government agency bonds and other government-backed investments	-	800,000	-	800,000
Total assets	$ 8,658,910	$ 800,000	$ -	$ 9,458,910
Liabilities - Interest rate swap	$ -	$ 505,466	$ -	$ 505,466

The fair value government agency bonds and other government-backed investments were determined primarily based on Level 2 inputs. The Hospital estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of the assets was determined primarily based on quoted market prices from the Hospital's custodial banks.

The fair value of the interest rate swap liability was determined primarily based on Level 2 inputs. The Hospital estimates the fair value of the interest rate swap liability using current interest rates and pricing indices. The fair value of the liability was determined primarily based on estimated fair values as calculated by the counterparty.

Additional Data

Software ID:
Software Version:
EIN: 38-1359180
Name: ALLEGAN GENERAL HOSPITAL

Form 990, Special Condition Description:

Special Condition Description